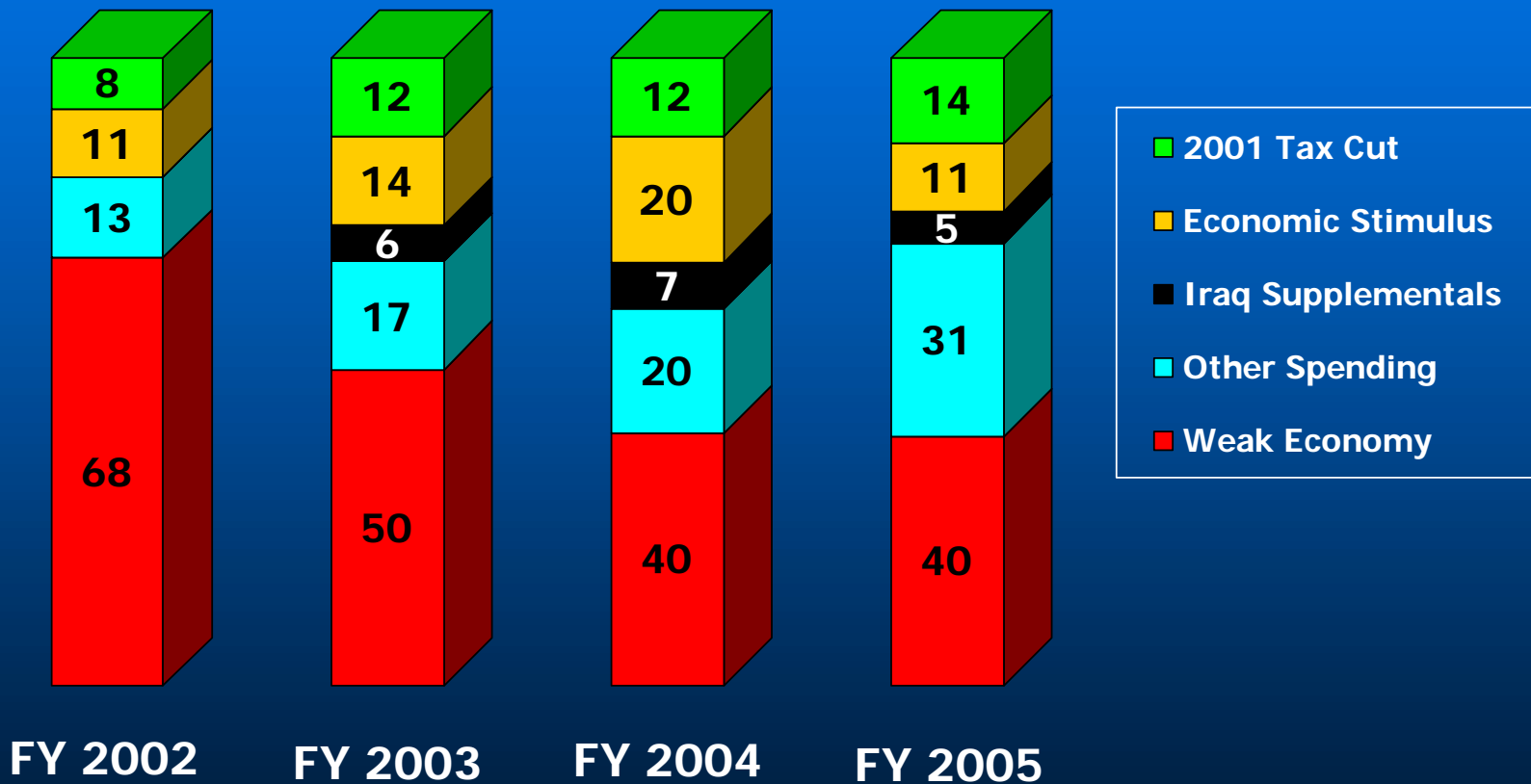


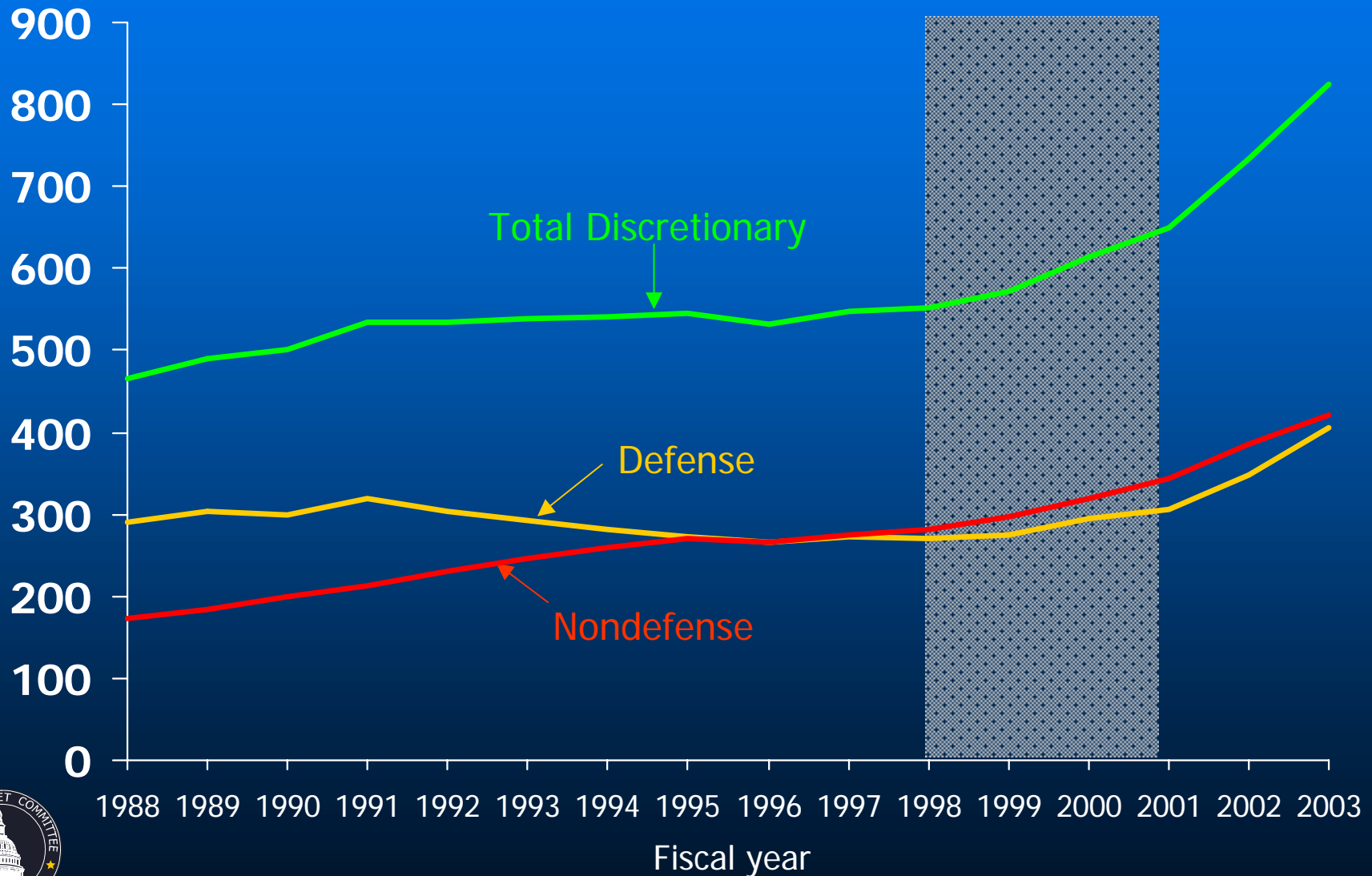
Largest Cause of Deficits in FY's 2002 - 2005 Was the Economy

Shares of Total Decline in Projections



Composition of Discretionary Spending

(In billions of dollars)

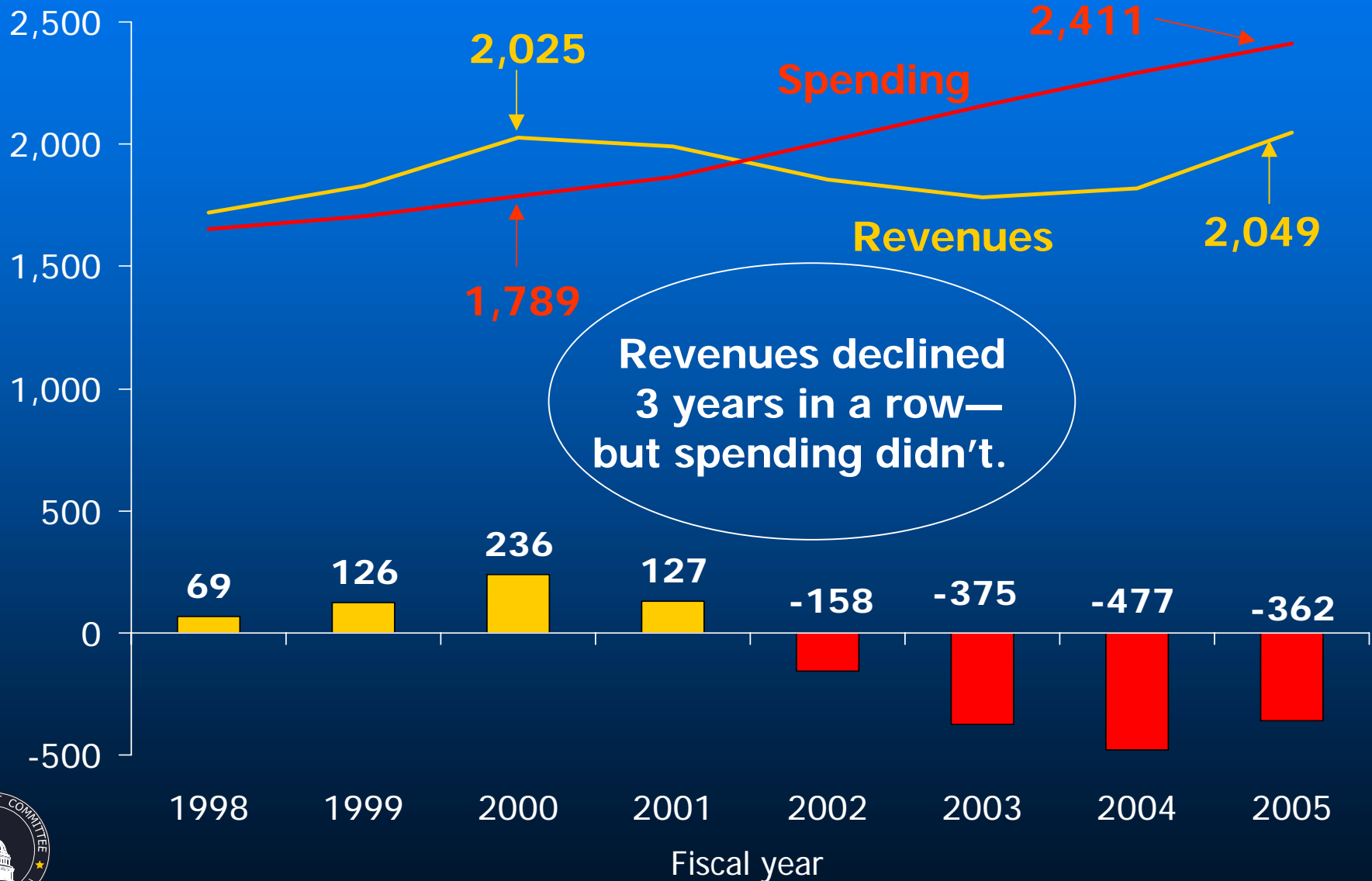


Shaded area denotes period of unified budget surpluses.



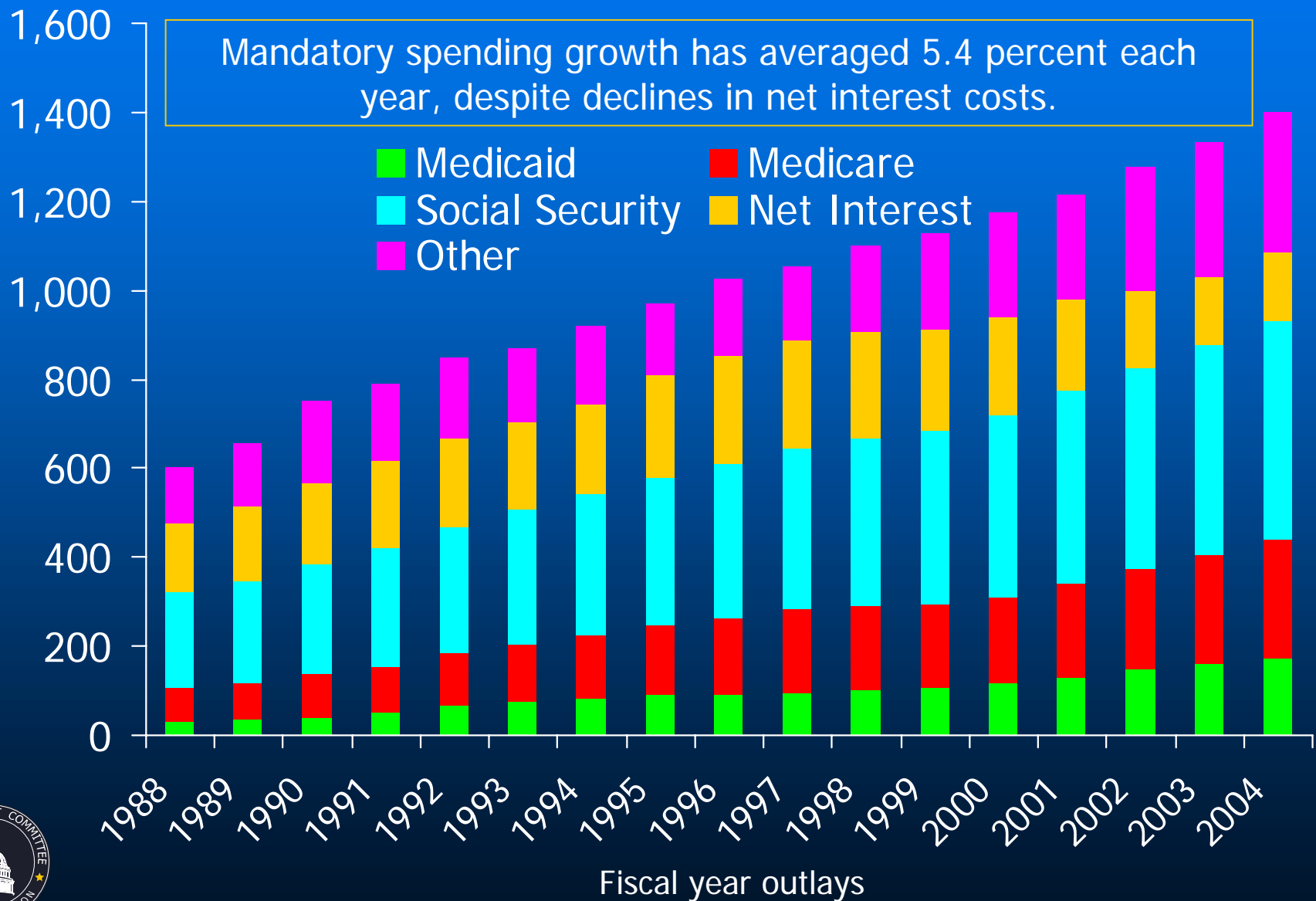
Spending Has Added to Deficits

Billions of Dollars



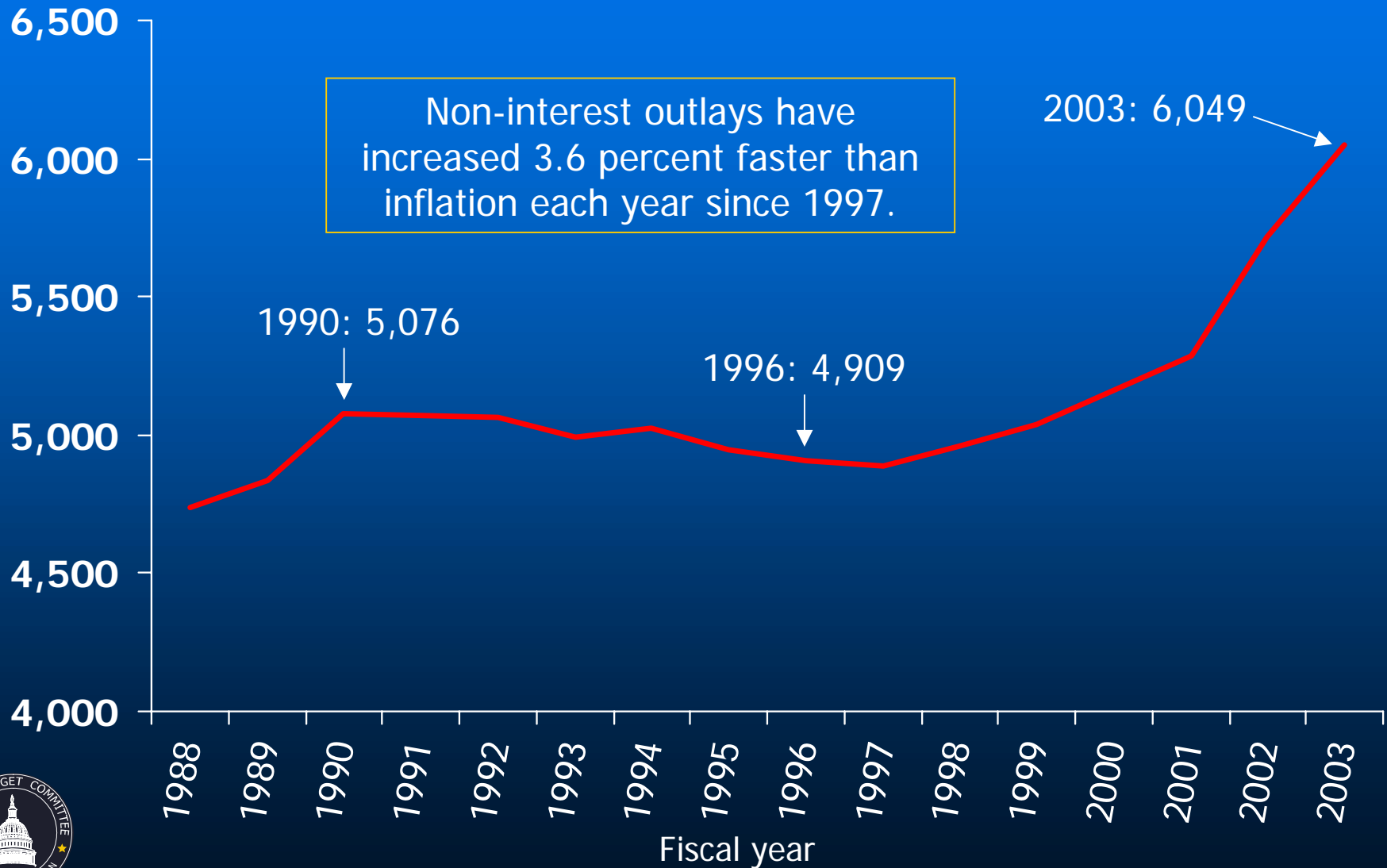
The Steady March of Entitlement Spending

Mandatory Outlays, in Billions of Dollars

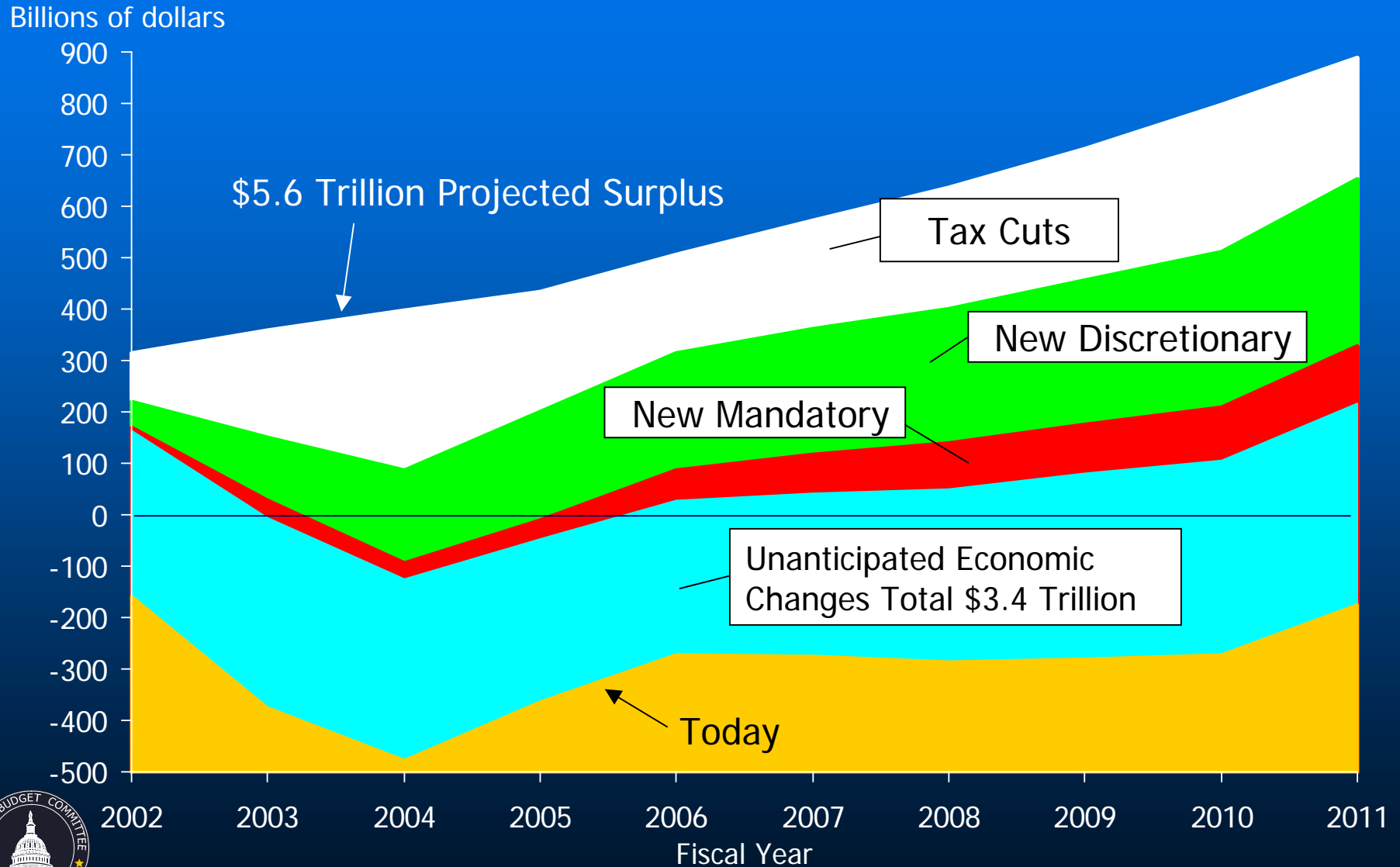


Spending Growing Out of Control: Per Capita Real Spending, Excluding Net Interest

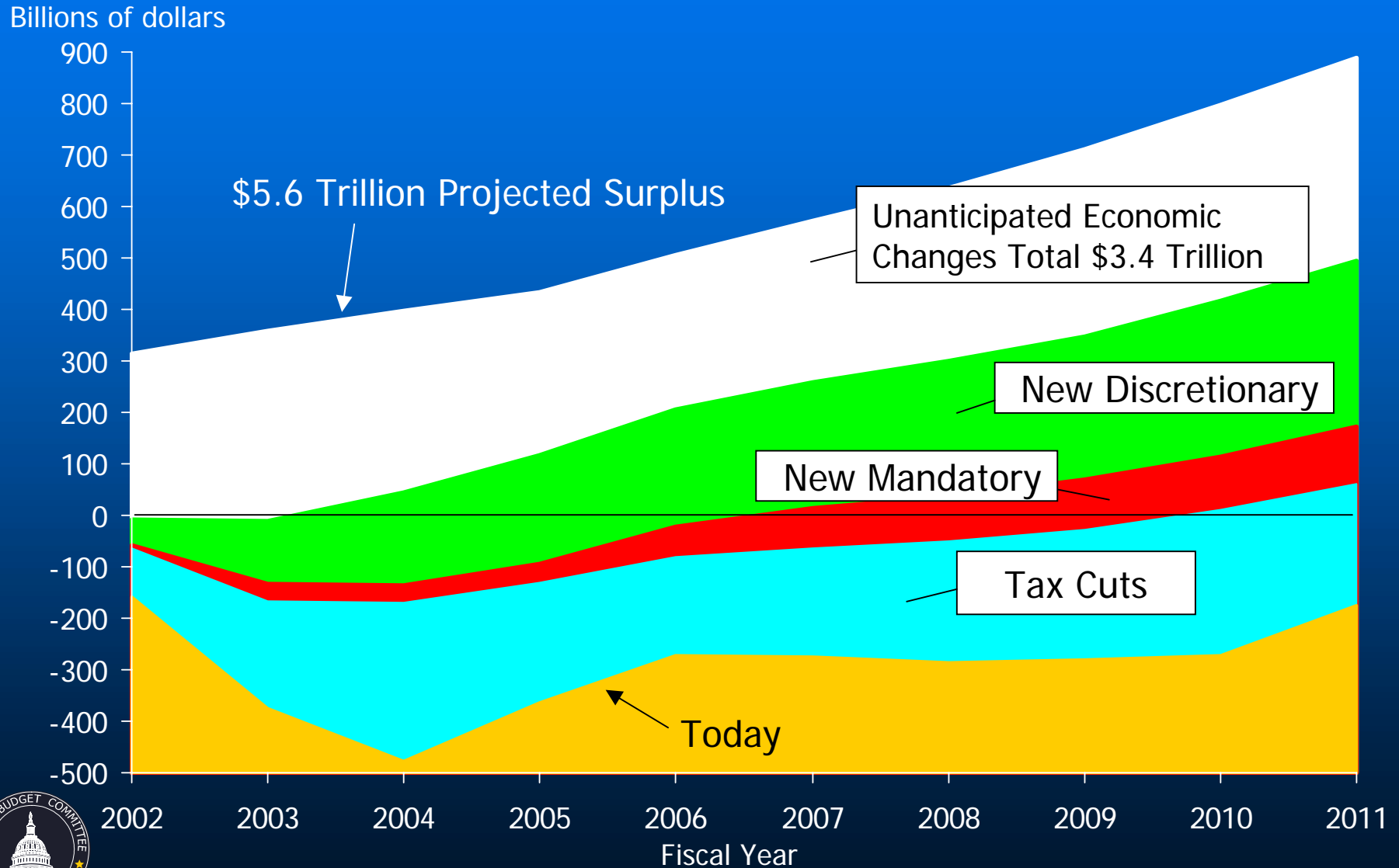
Outlays in Billions of 1996 Dollars



Tax Cuts Didn't Cause the Deficits

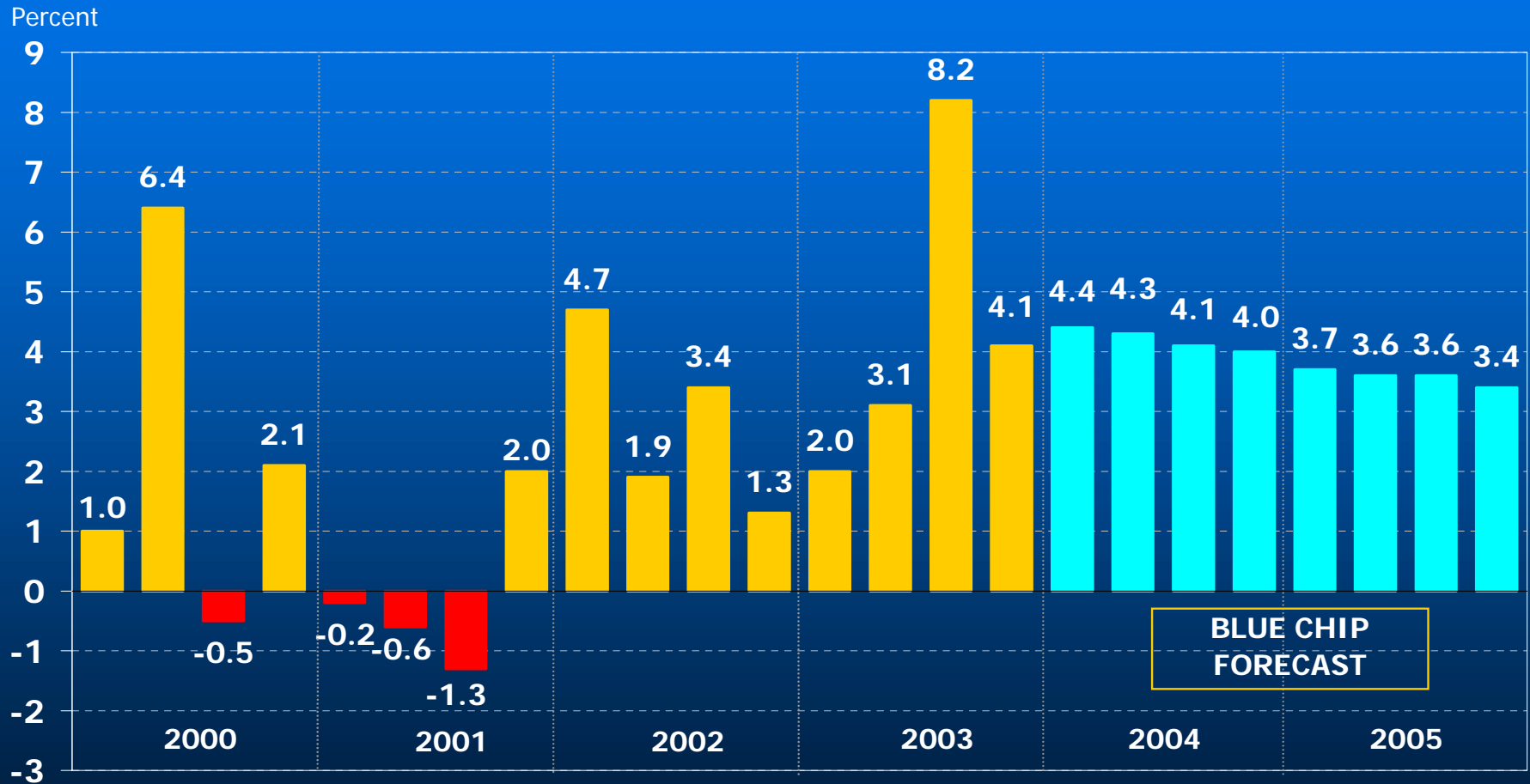


There Would Be Deficits Without Tax Cuts



Real GDP Growing at Fast Pace

Strong Growth Expected to Continue Through 2005



Housing Starts and Permits Near Record Highs

Millions, annual rate

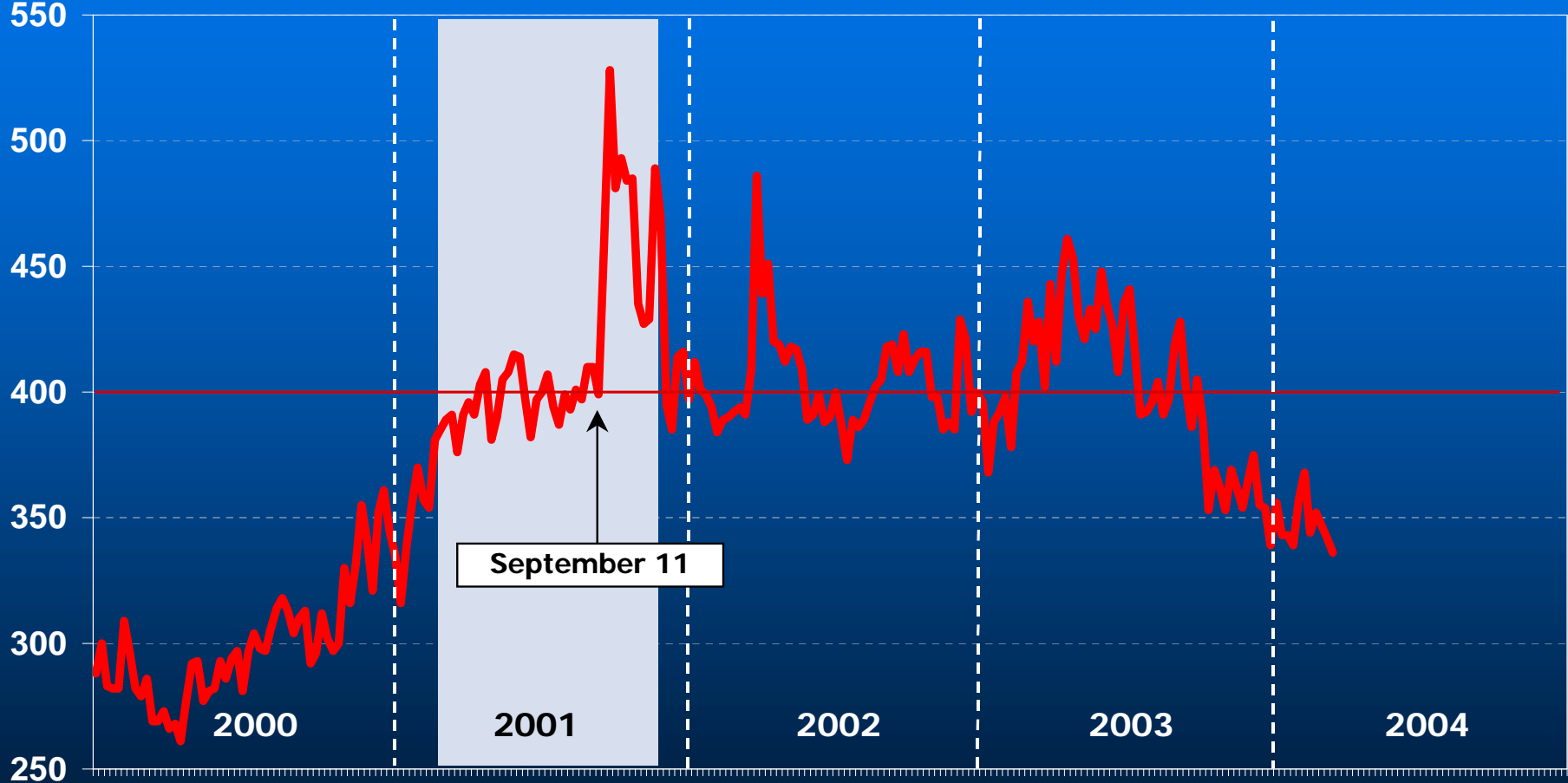


Shaded areas represent recession periods.



Unemployment Insurance Claims At 3-Year Lows

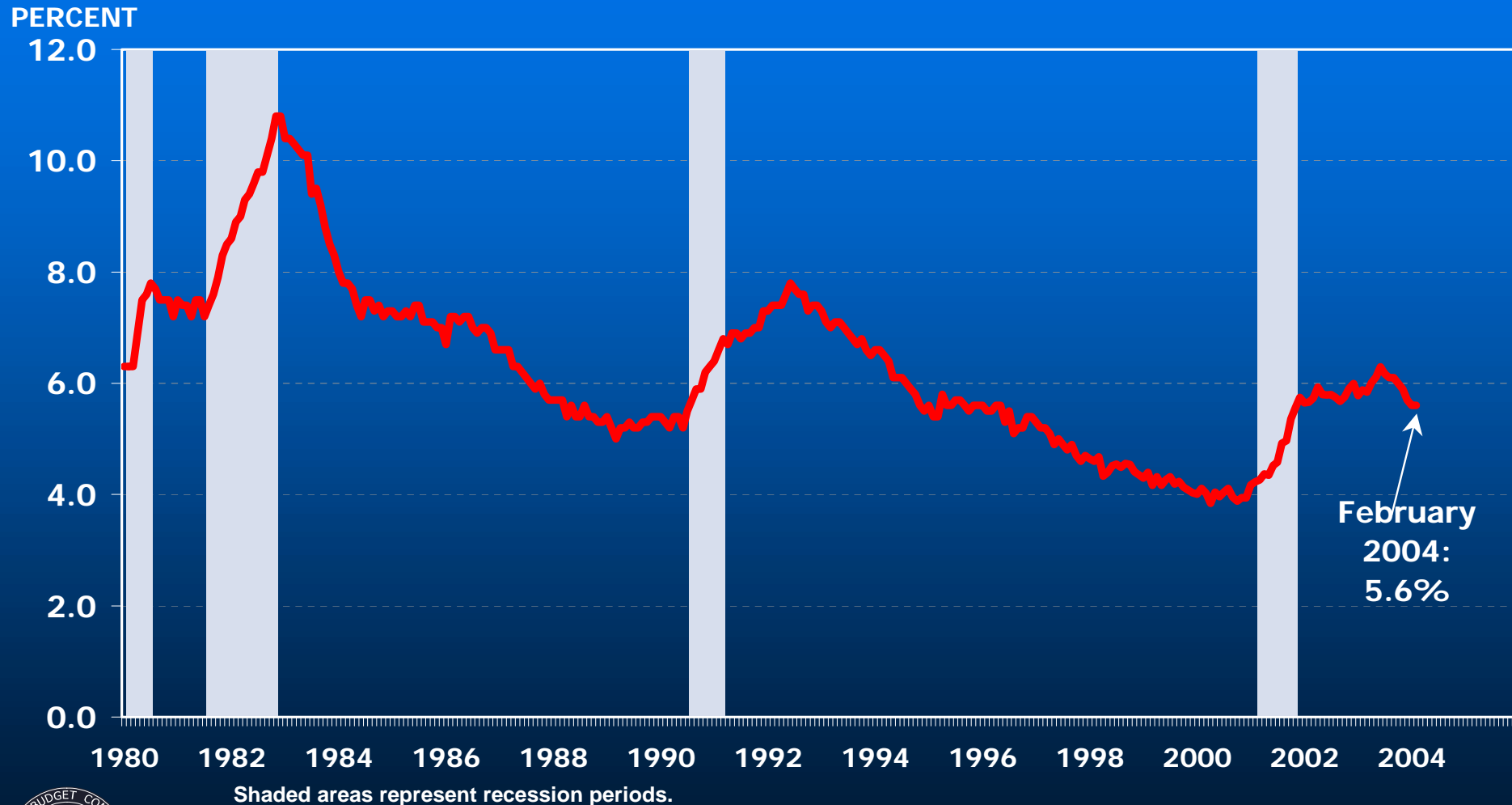
CLAIMS, IN 1000s



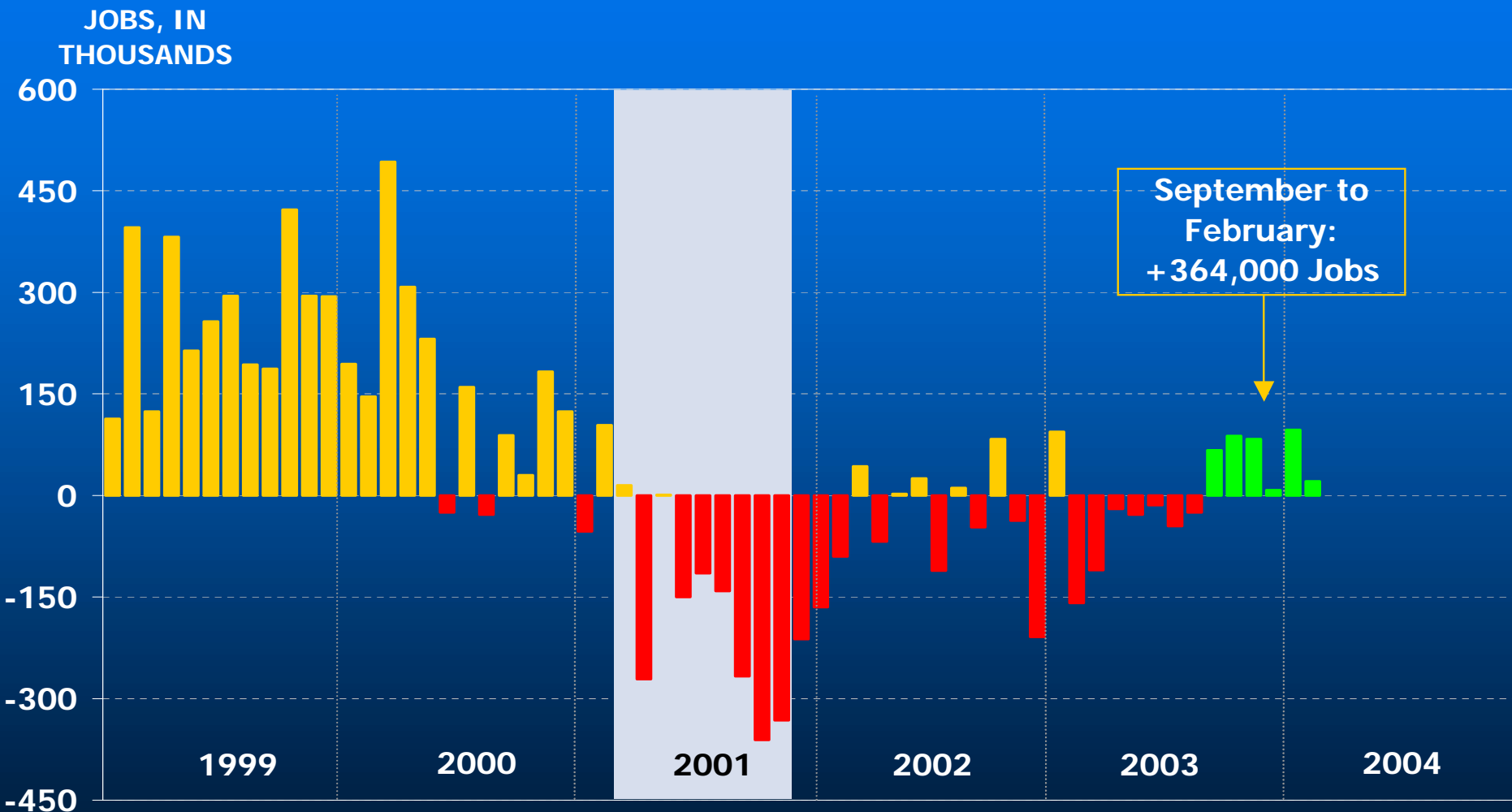
Shaded area shows recession period.



Unemployment Rate Is Falling



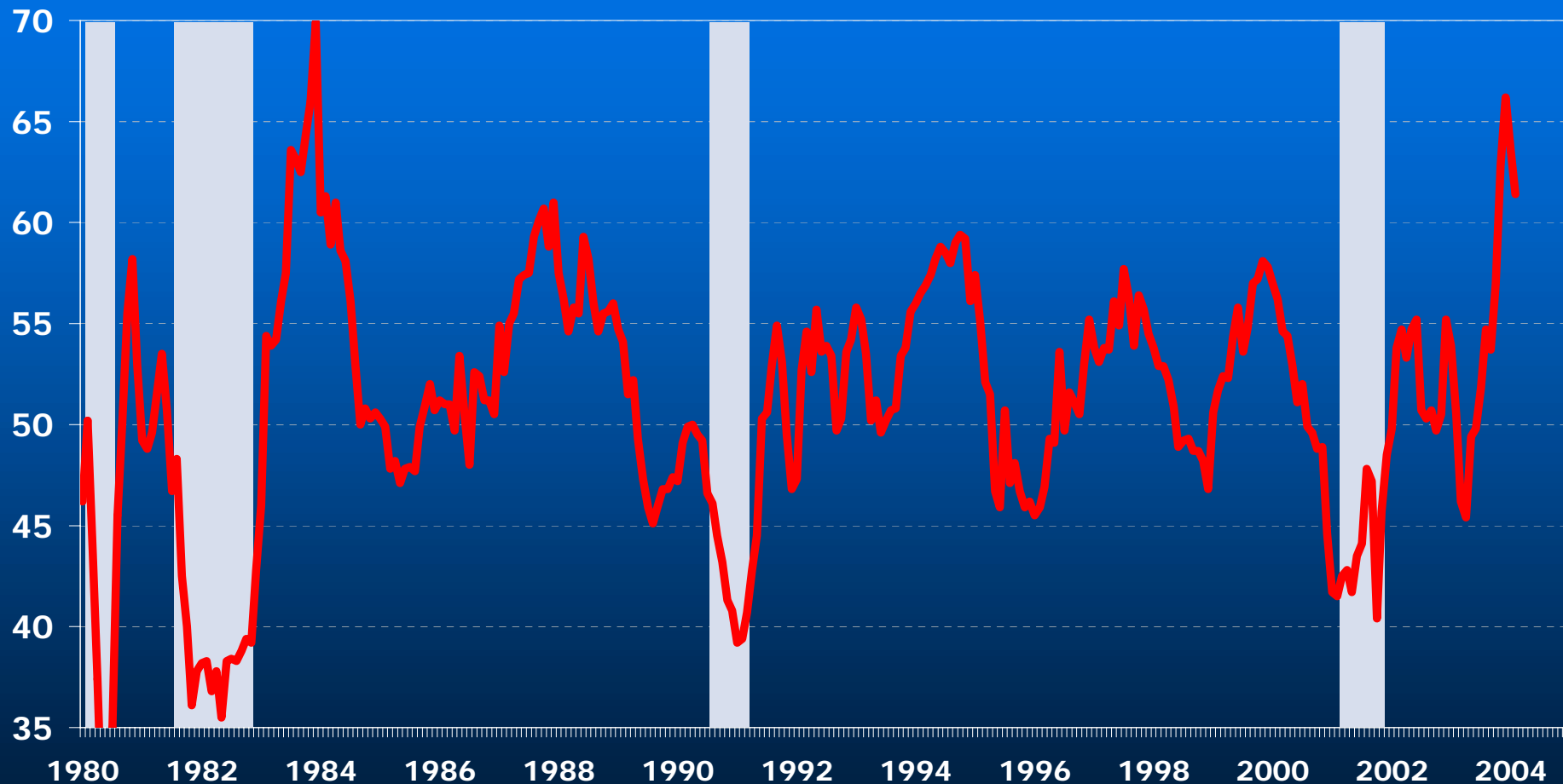
Payroll Employment Growing Again



Shaded area shows recession period.



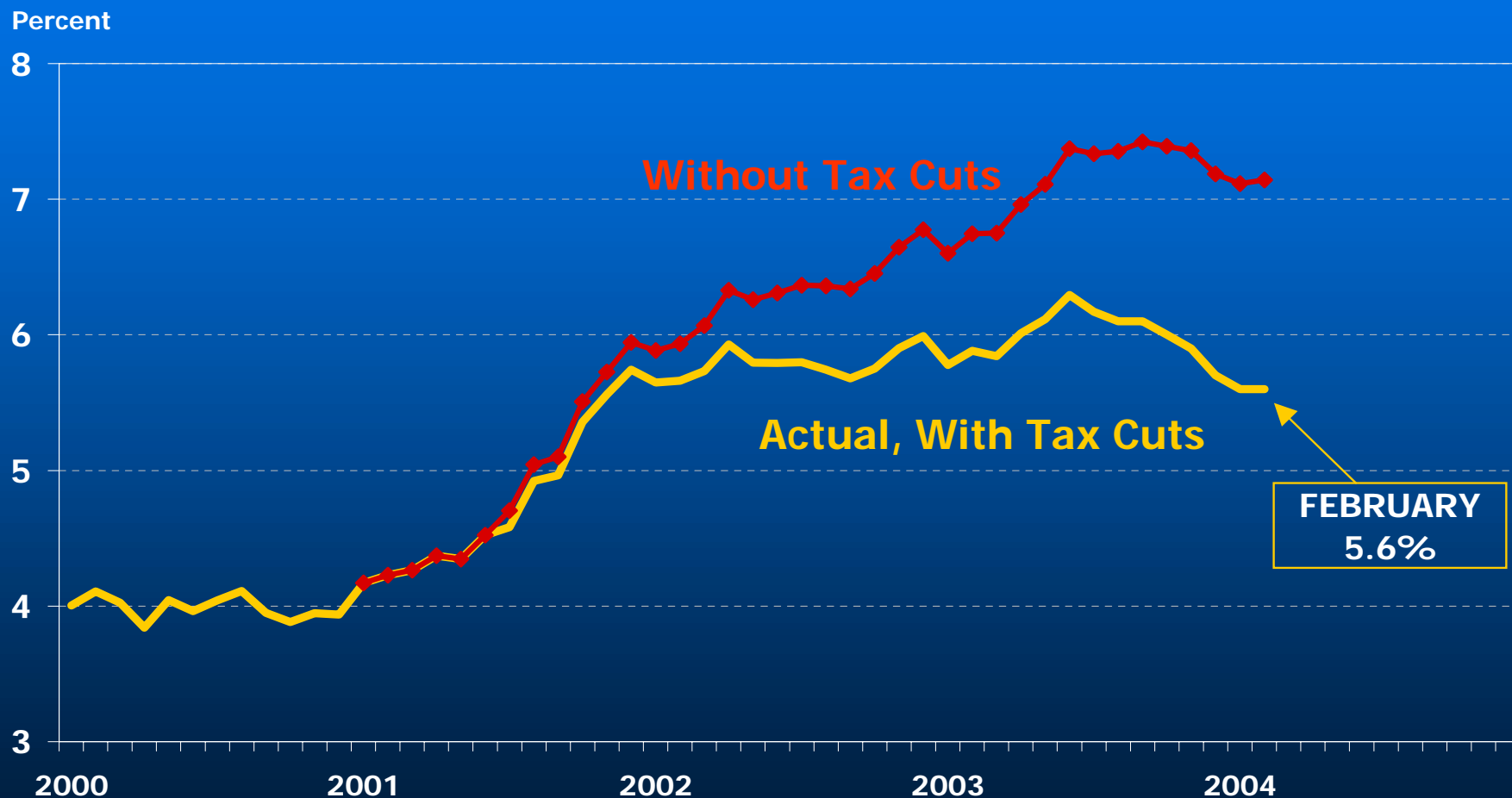
Manufacturing Activity at Highest Pace in 20 Years



Shaded areas represent recession periods.

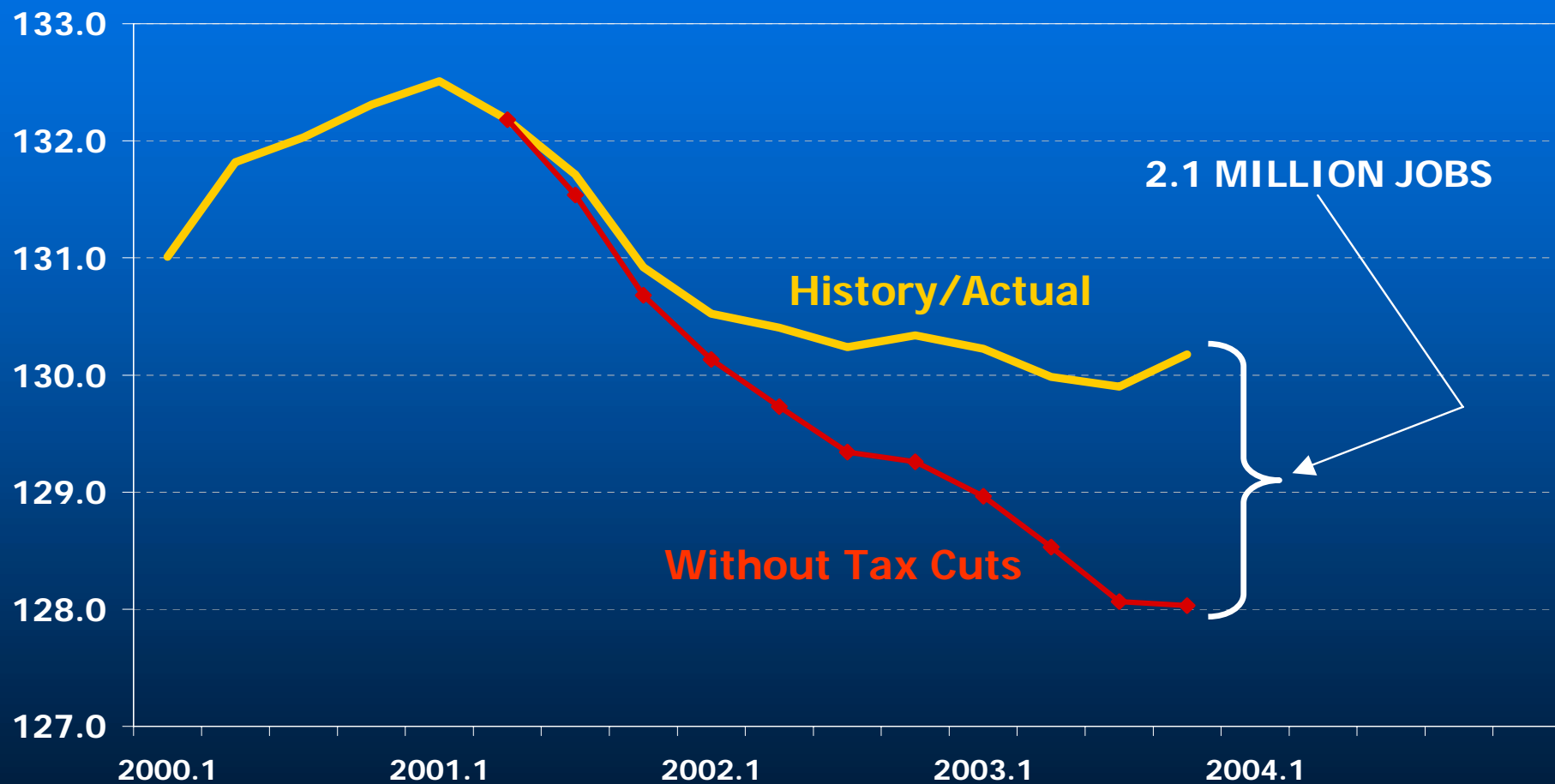


Unemployment Would Be Higher Without the Tax Cuts

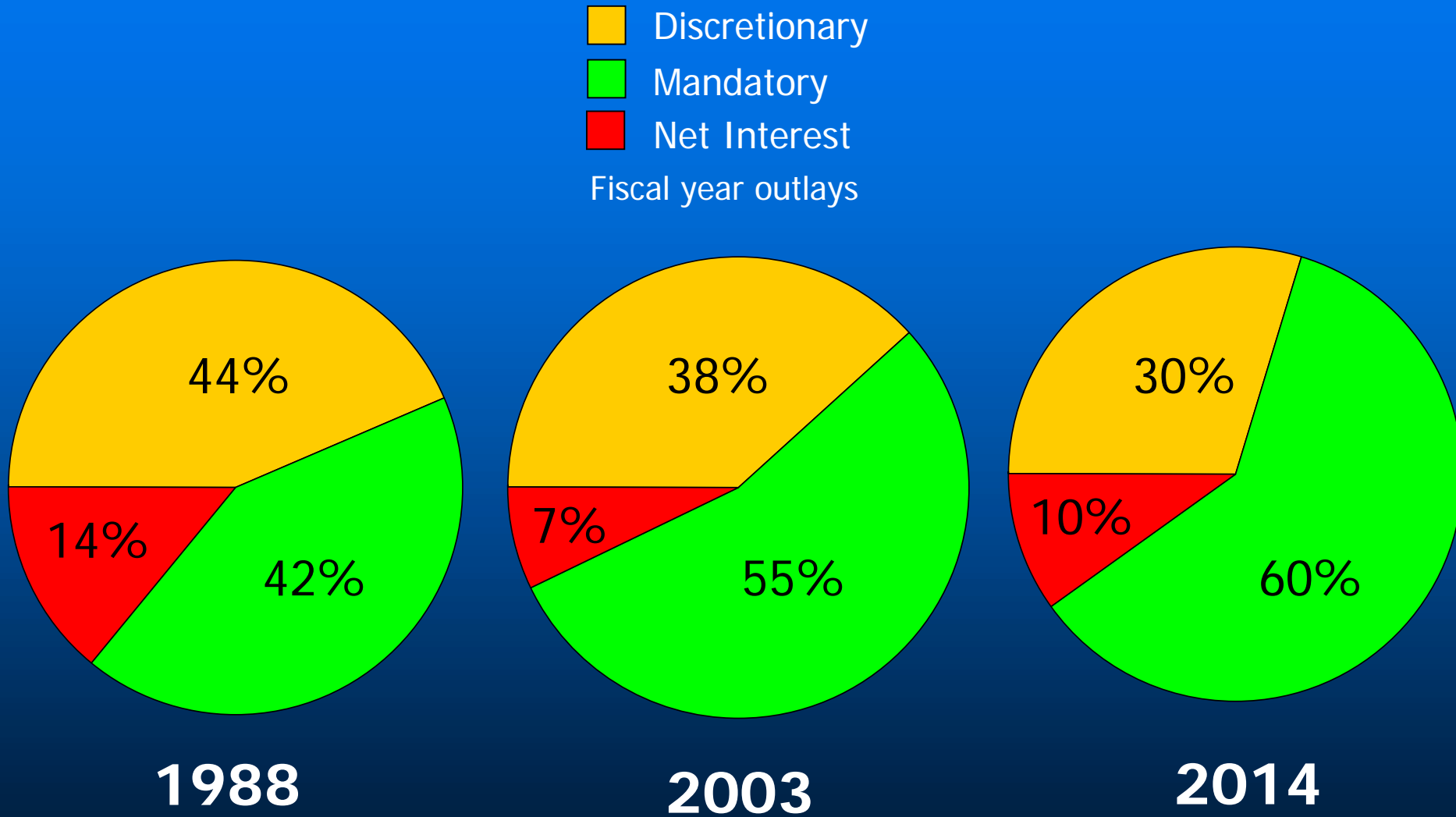


2 Million More Jobs Would Have Been Lost Without Tax Cuts

Millions of Jobs



The Increasing Share of Mandatory Spending

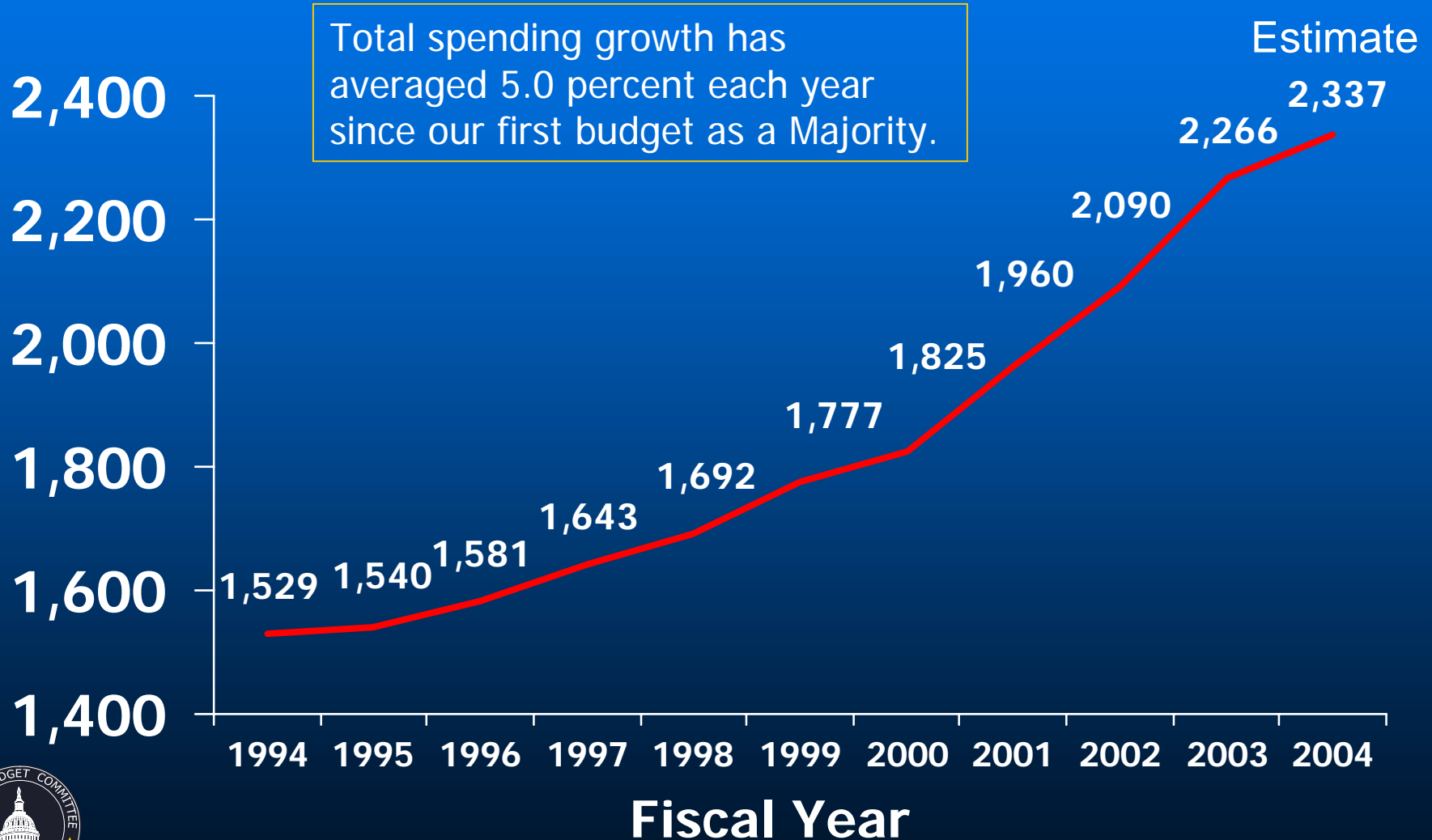


2014 is CBO January 2004 Baseline, adjusted to assume extension of 2001 tax cut and reductions in taxes on capital gains and dividends for individuals enacted in 2003, and that 2004 Iraq supplemental is one-time spending.

Prepared by the House Budget Committee.

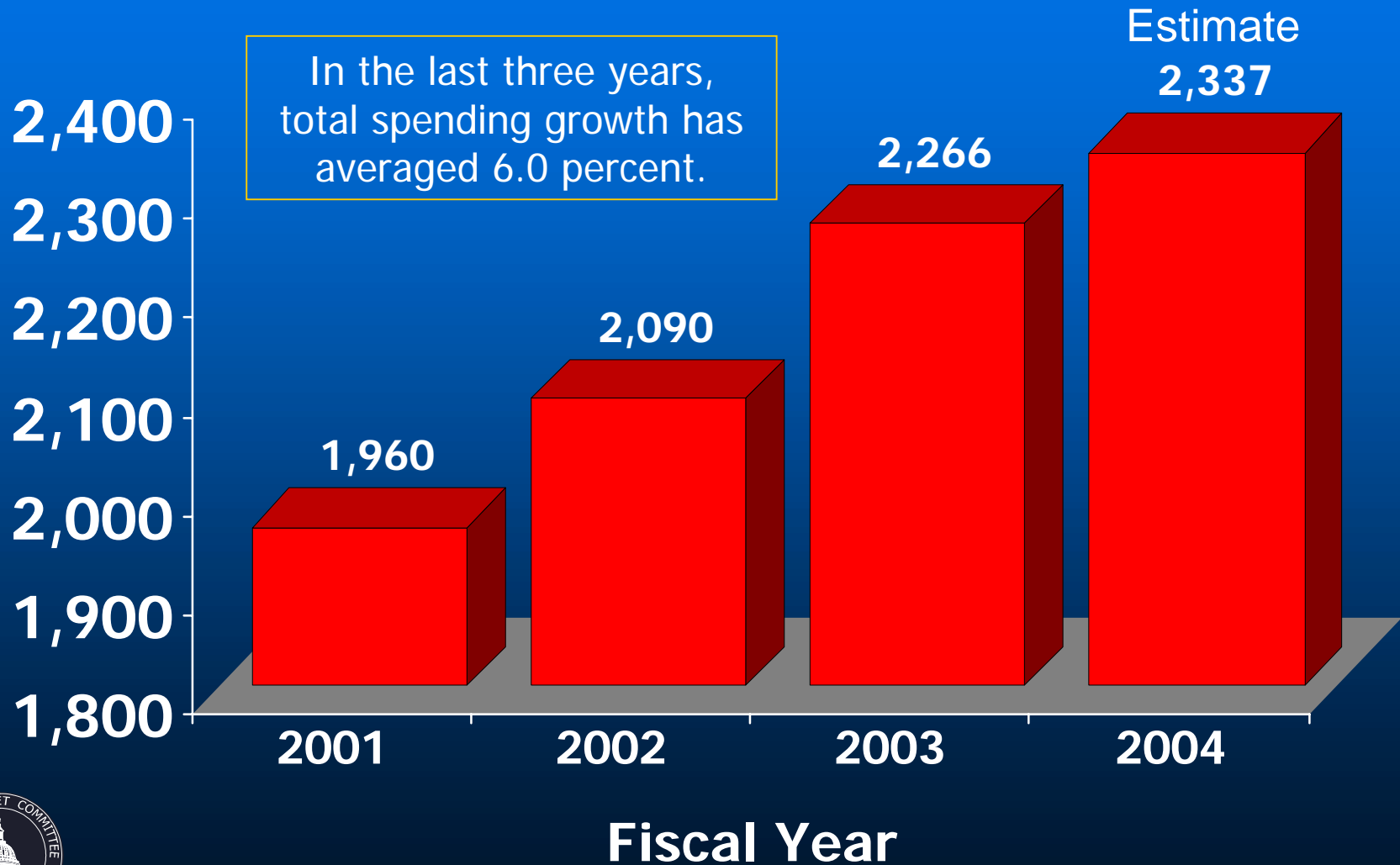
10 Years of Spending History

Total Budget Authority in Billions of Dollars



Recent Spending History

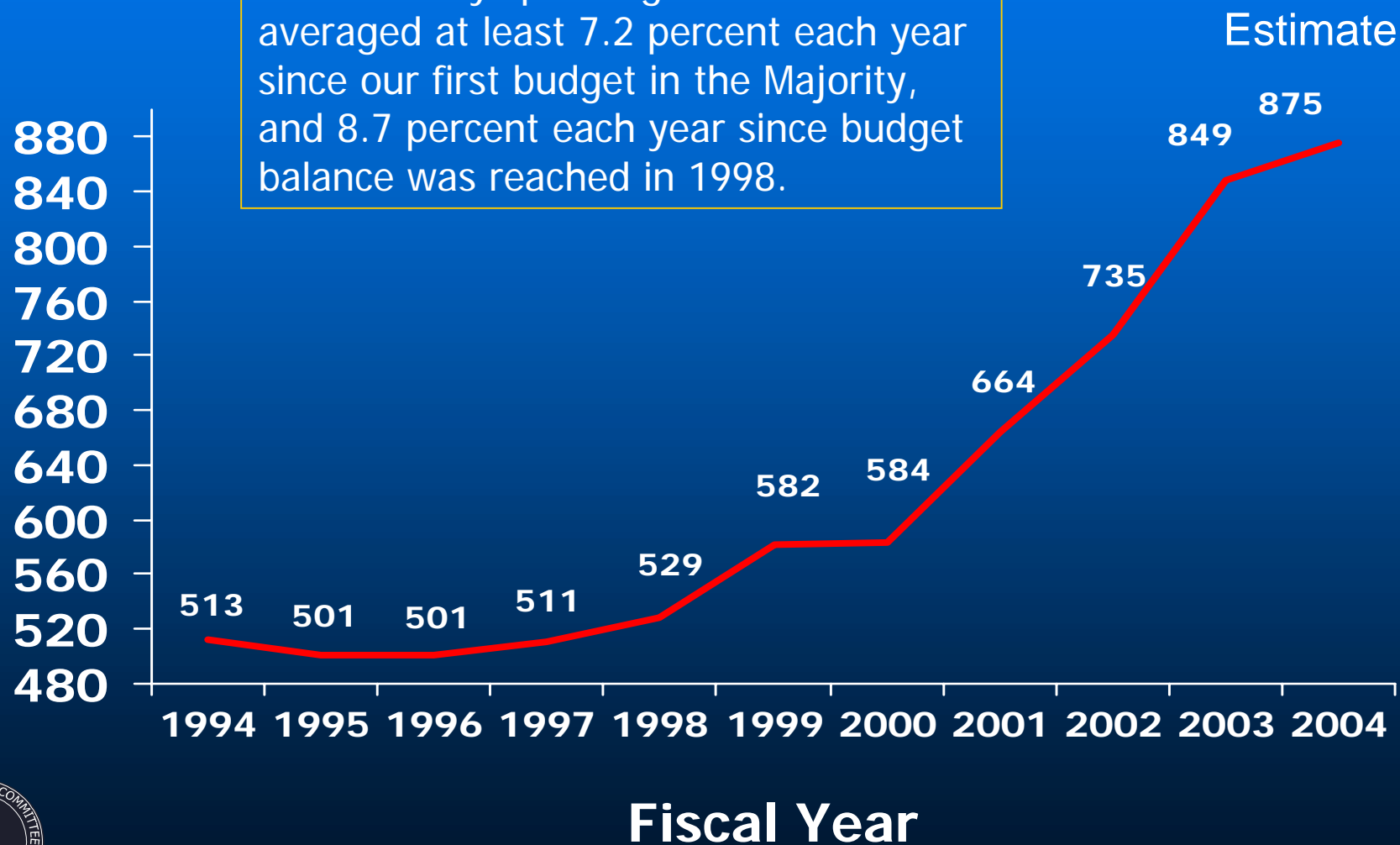
Total Budget Authority in Billions of Dollars



10 Years of Spending History

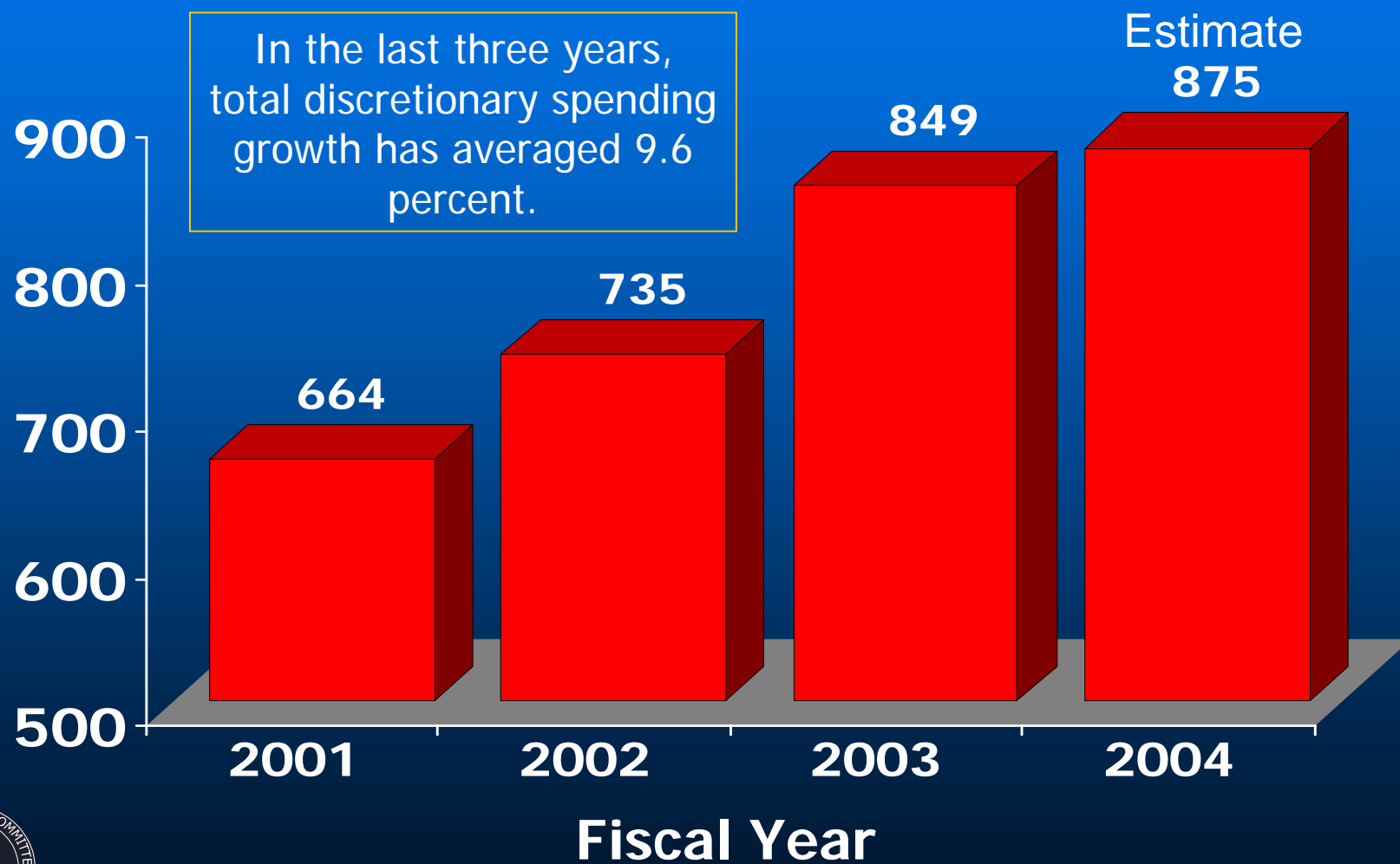
Discretionary Budget Authority in Billions of Dollars

Discretionary spending increases have averaged at least 7.2 percent each year since our first budget in the Majority, and 8.7 percent each year since budget balance was reached in 1998.



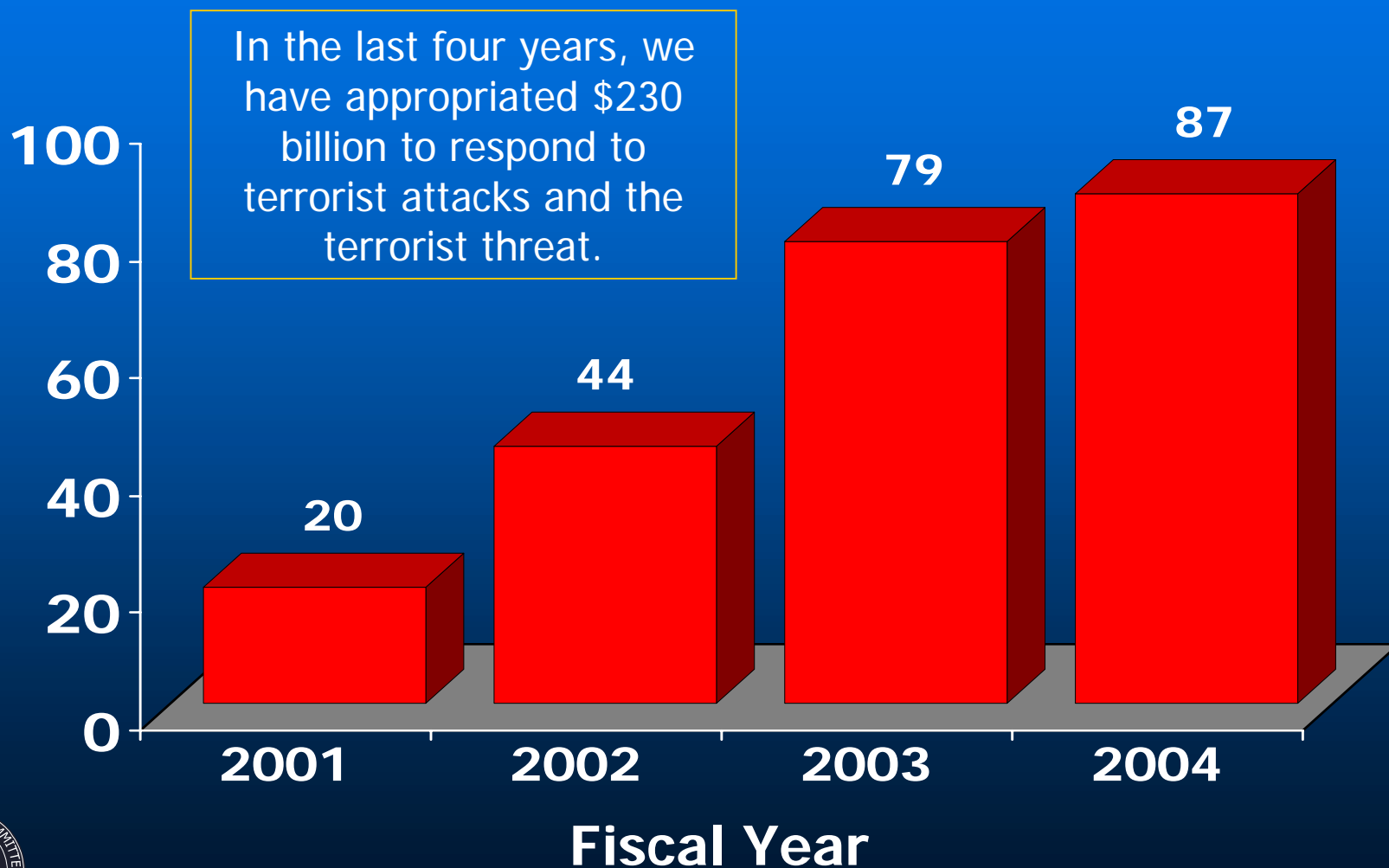
Total Discretionary Spending

Billions of Dollars of Budget Authority



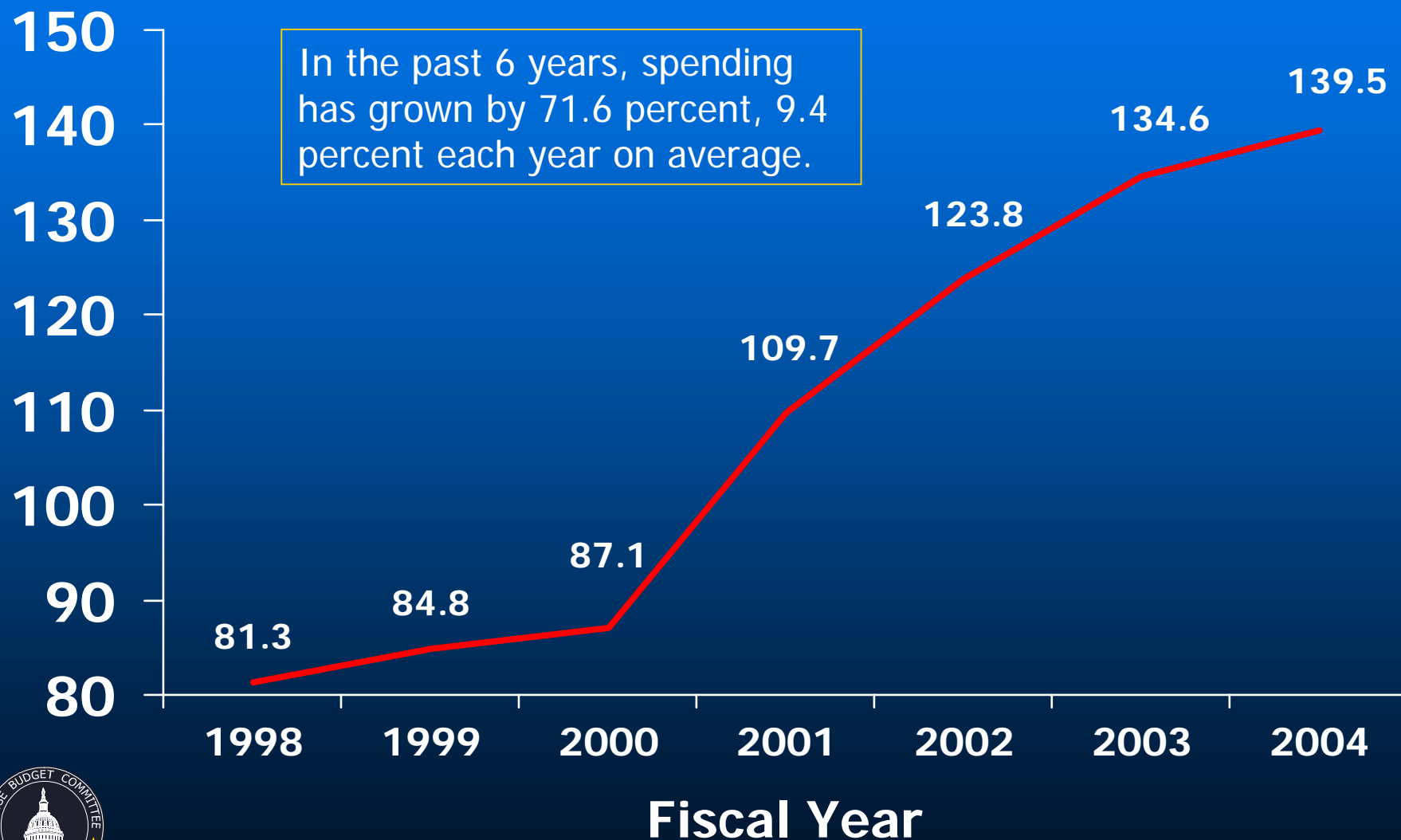
Supplemental Spending to Combat Terrorism

Billions of Dollars of Budget Authority



Labor, HHS and Education Appropriations

Discretionary Budget Authority in Billions of Dollars



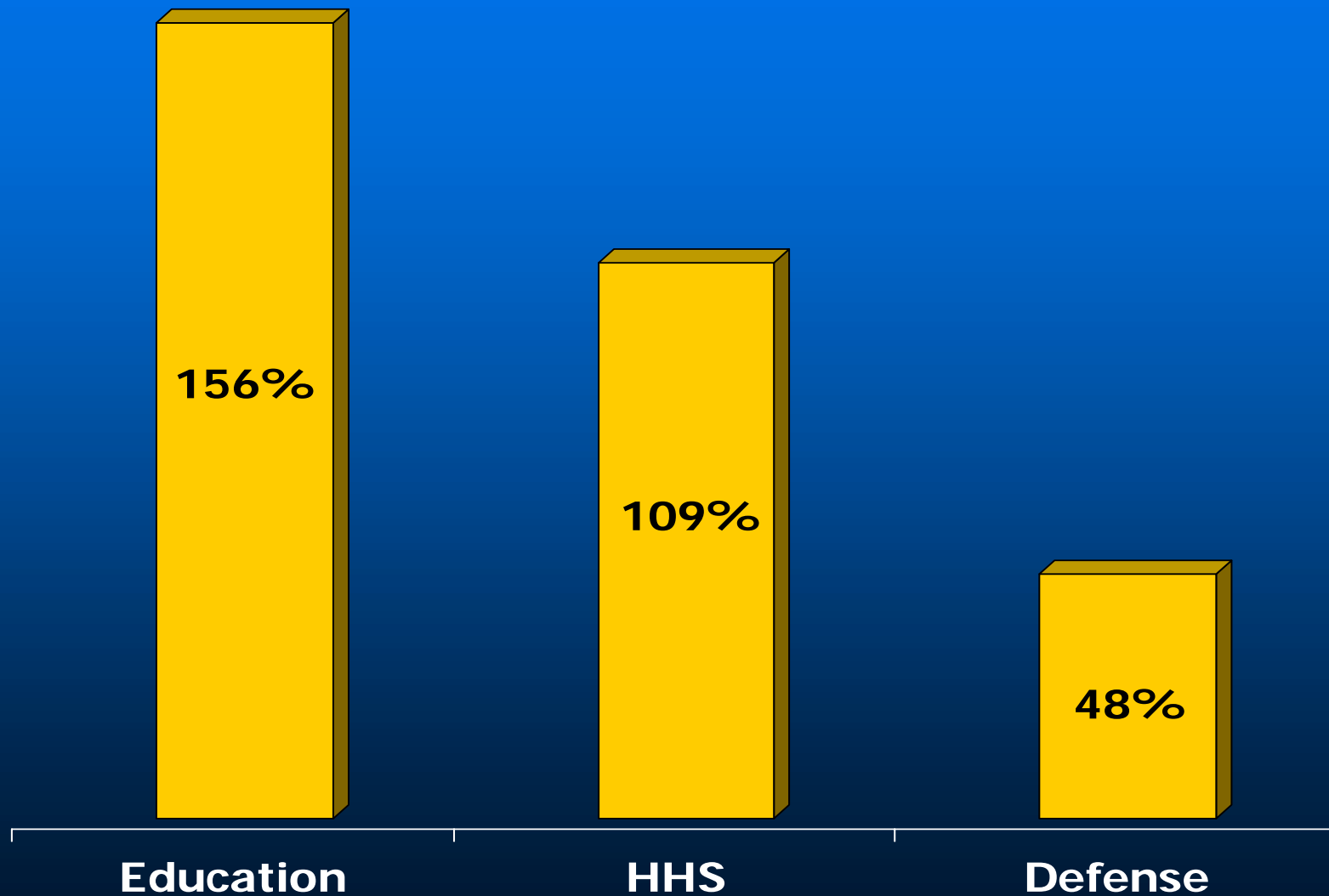
Data exclude 9/11 Emergency Response.

Prepared by the House Budget Committee.



Increase in Major Departments Under GOP Majority

FY 2004 over FY 1996

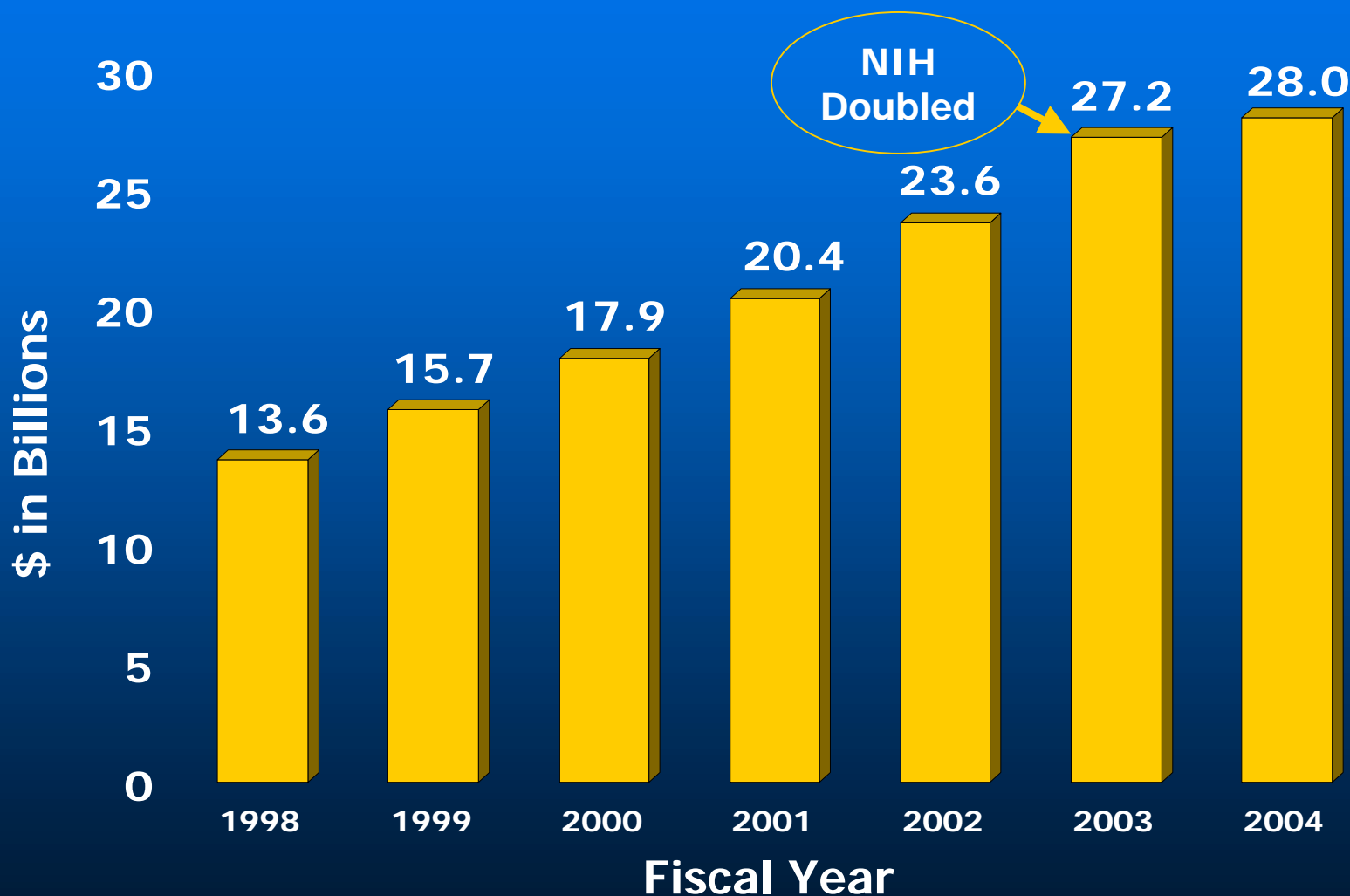


Does not include 2004 supplemental..

Prepared by the House Budget Committee.



GOP Delivers on Promise: NIH Doubled in 5 Years!

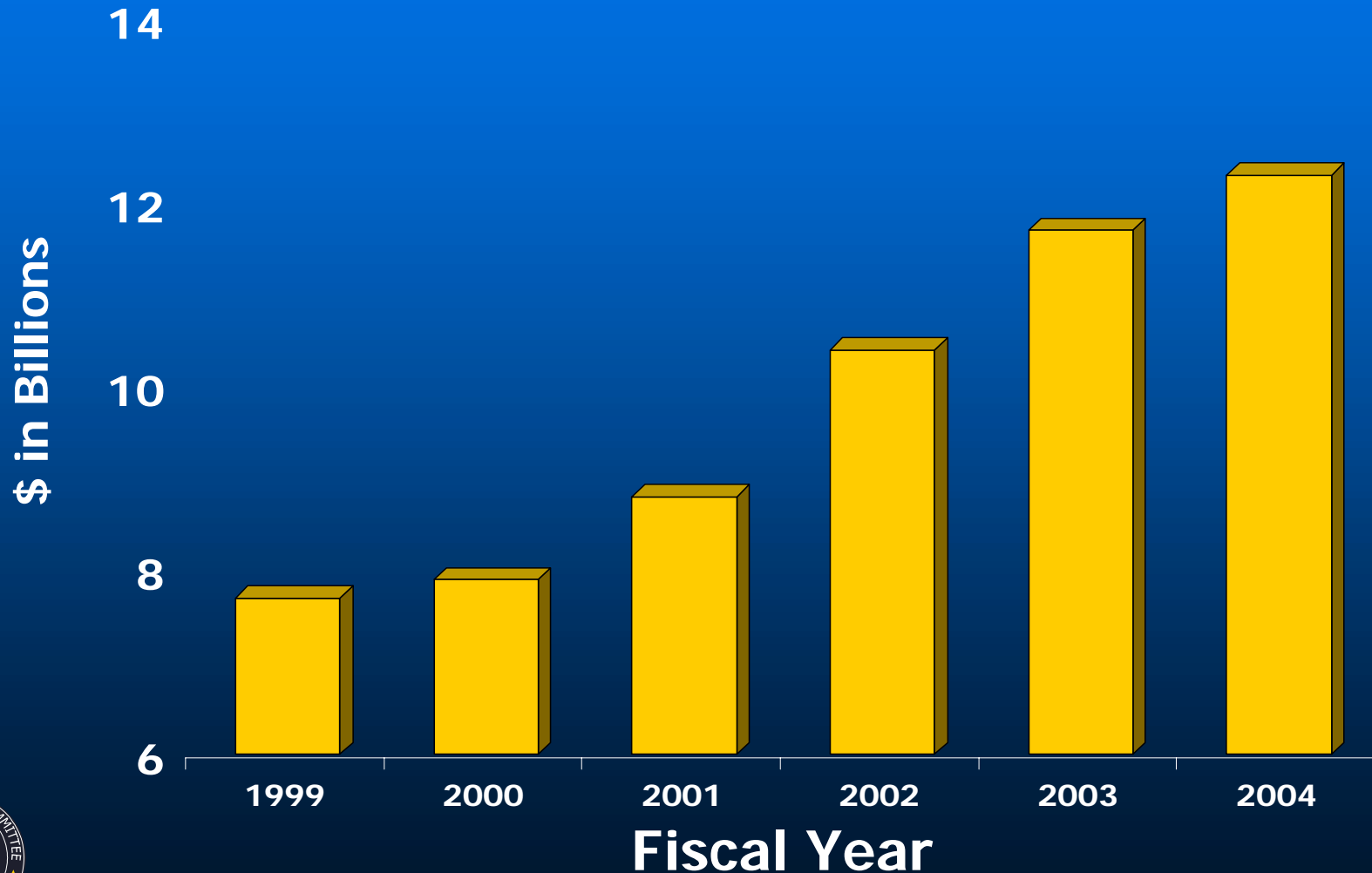


Note: Fiscal year 2003 included the final installment of the funds needed to fulfill the congressional commitment to double the fiscal year 1998 NIH budget.



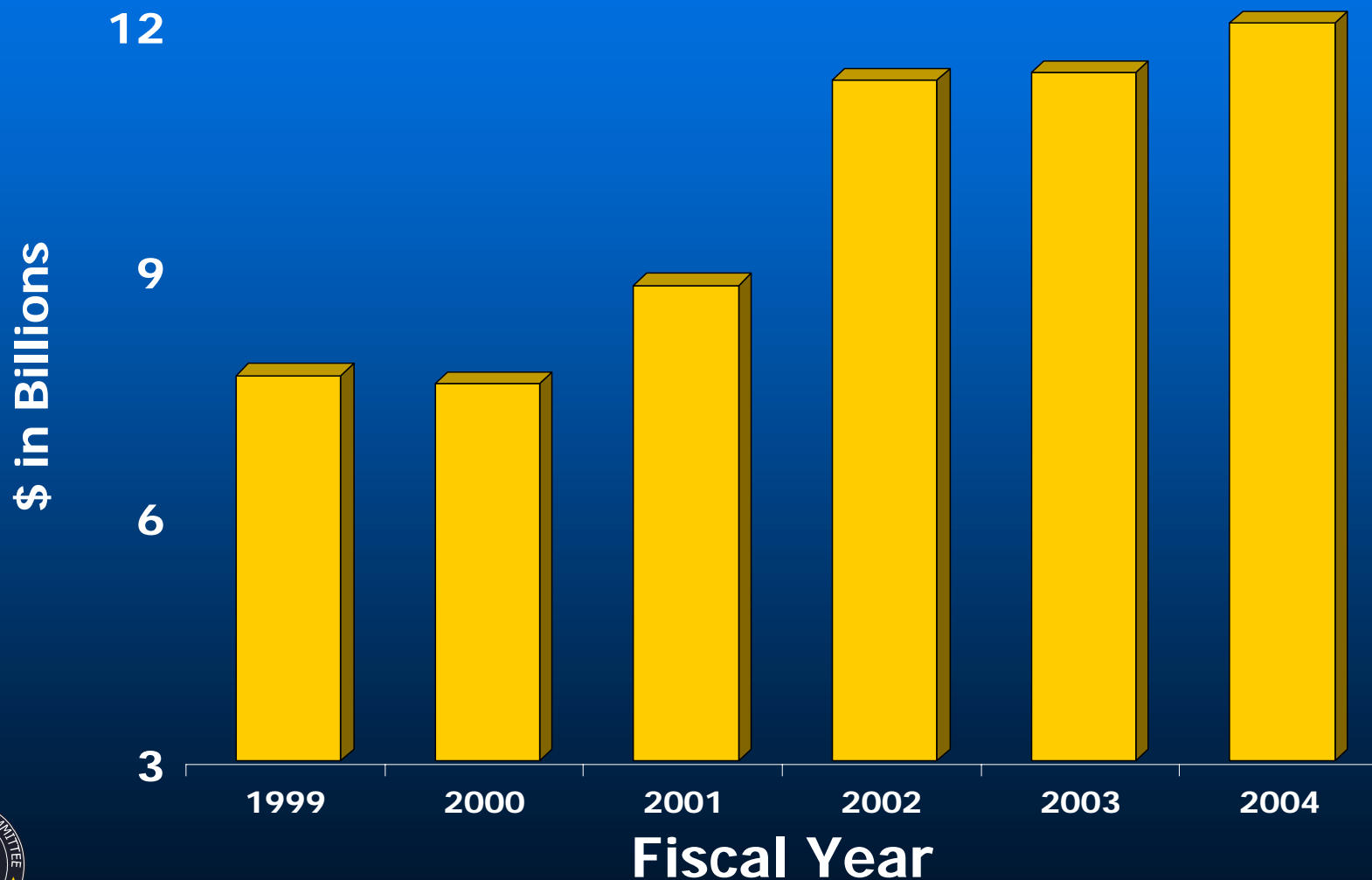
Title I Has Grown 10% Per Year Since 1999 And Was Funded at \$12.3 Billion for FY04

Annual Growth Over Past 5 Years



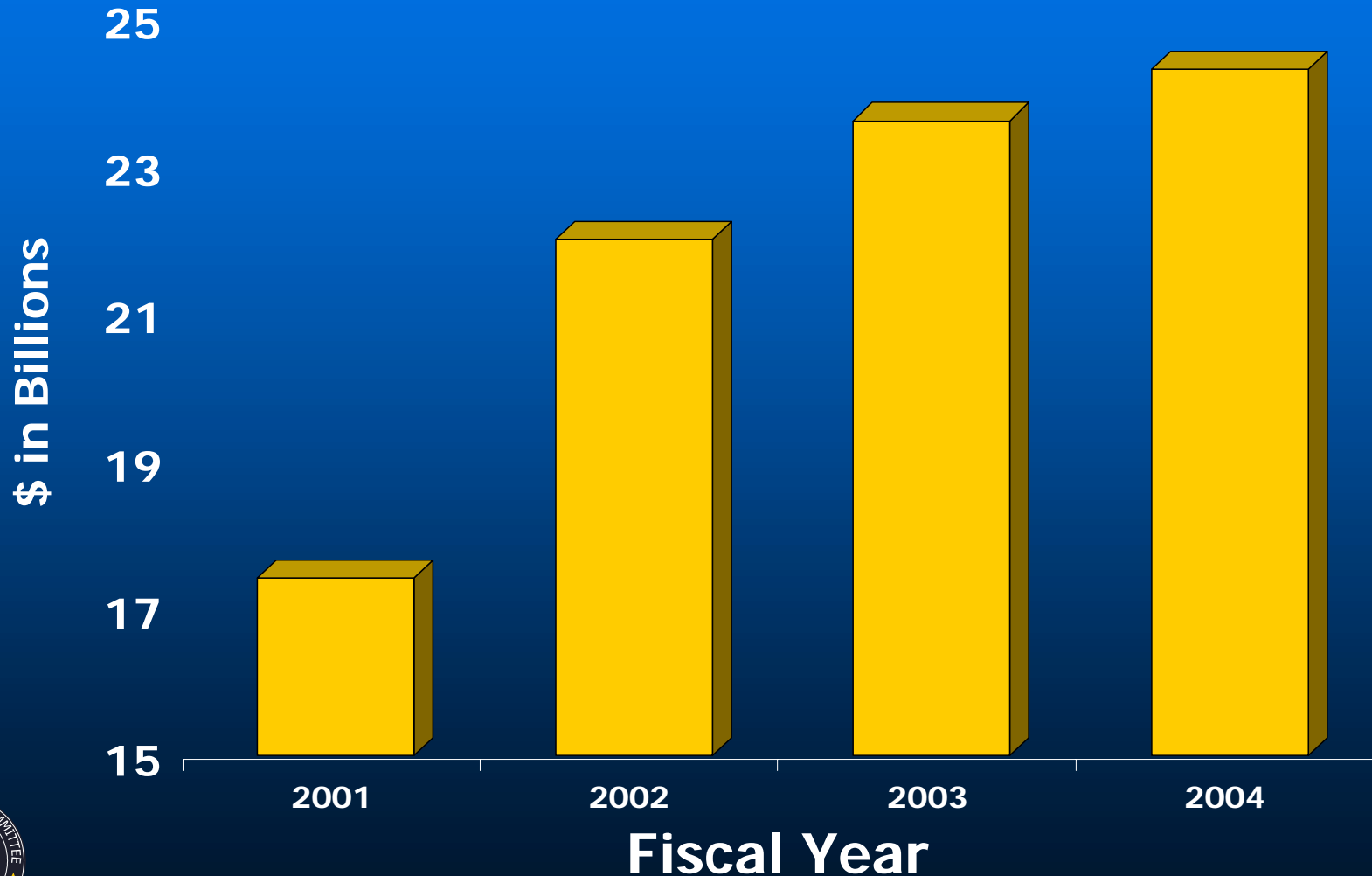
Pell Grant Funding Has Grown 9% Per Year Since 1999; Funded at \$12 Billion for FY04

Annual Growth Over Past 5 Years



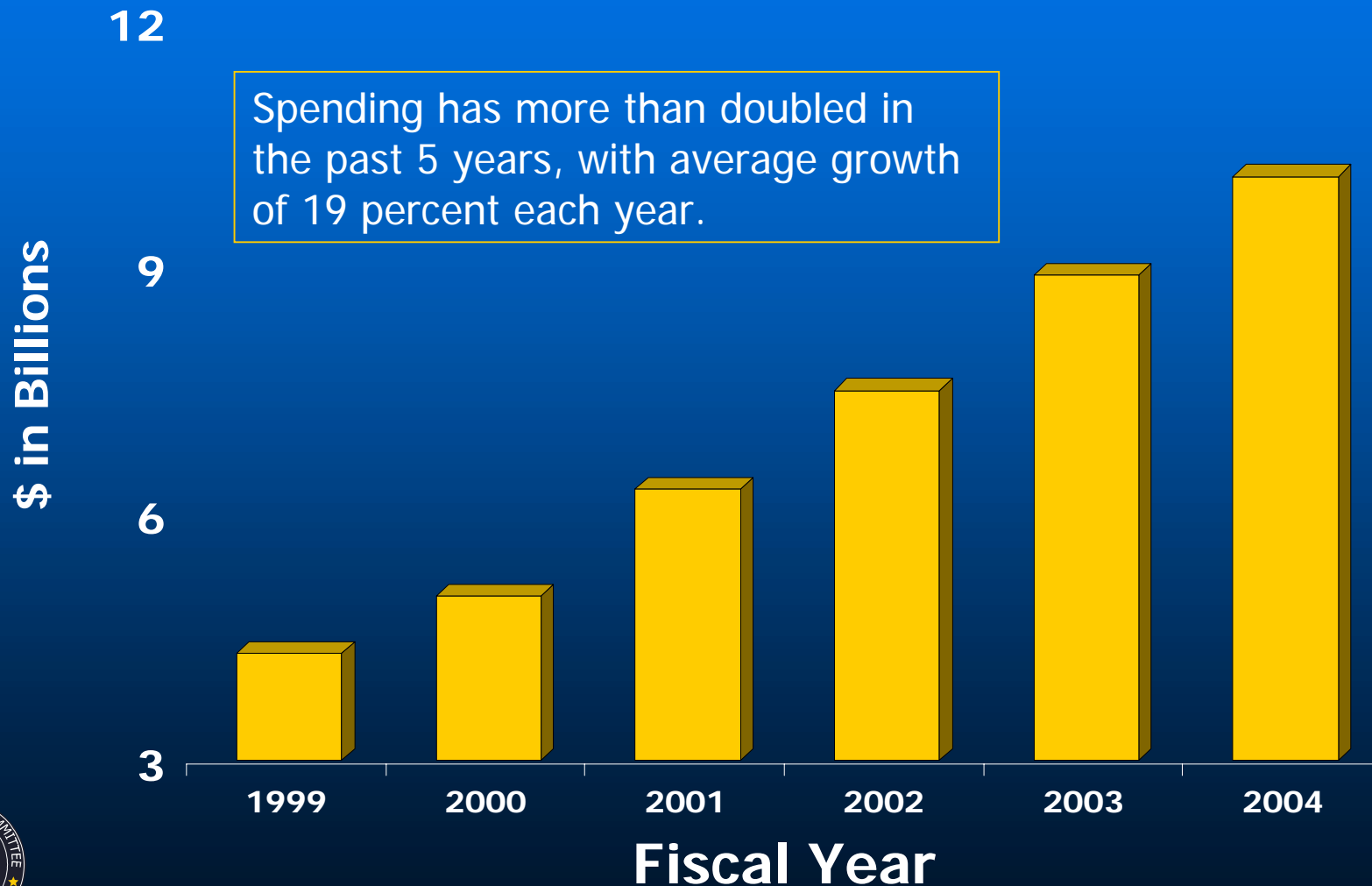
No Child Left Behind Program Funding Has Grown 40% Under President Bush

Annual Growth Over Past 4 Years



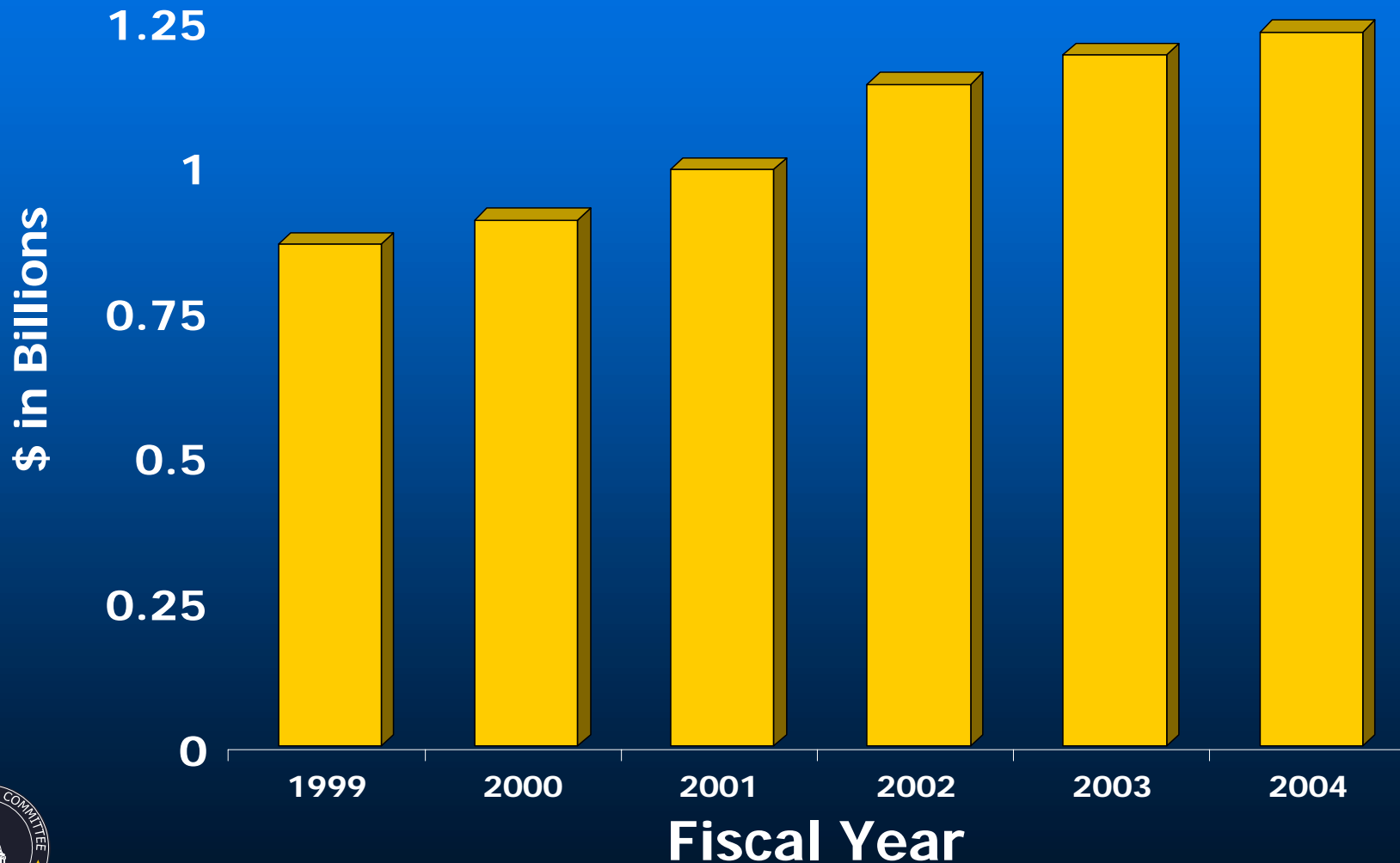
Special Education

Part B Grants to States, Program Level



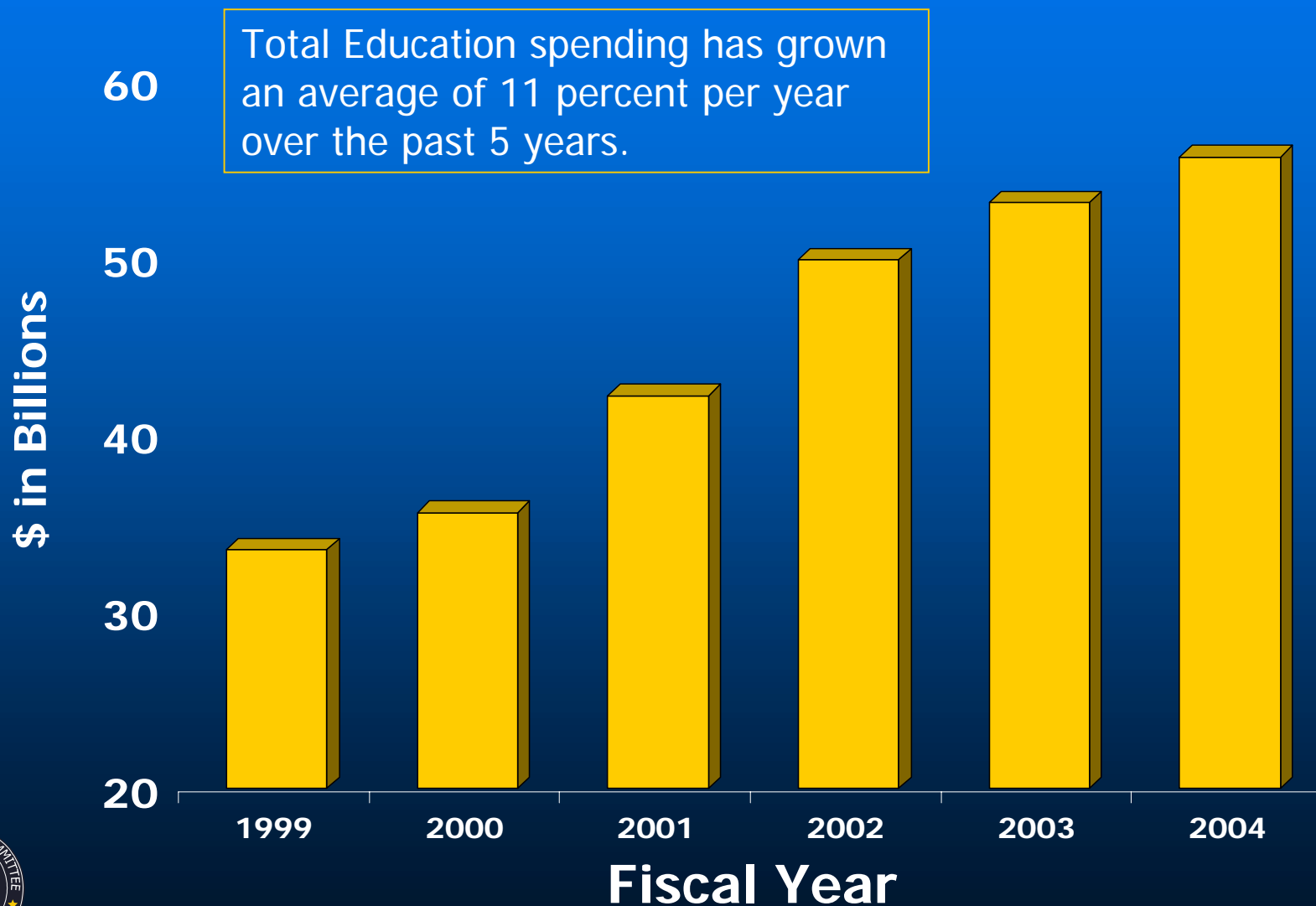
Impact Aid Has Grown 7% Per Year Since 1999; Funded at \$1.2 Billion for FY04

Annual Growth Over Past 5 Years



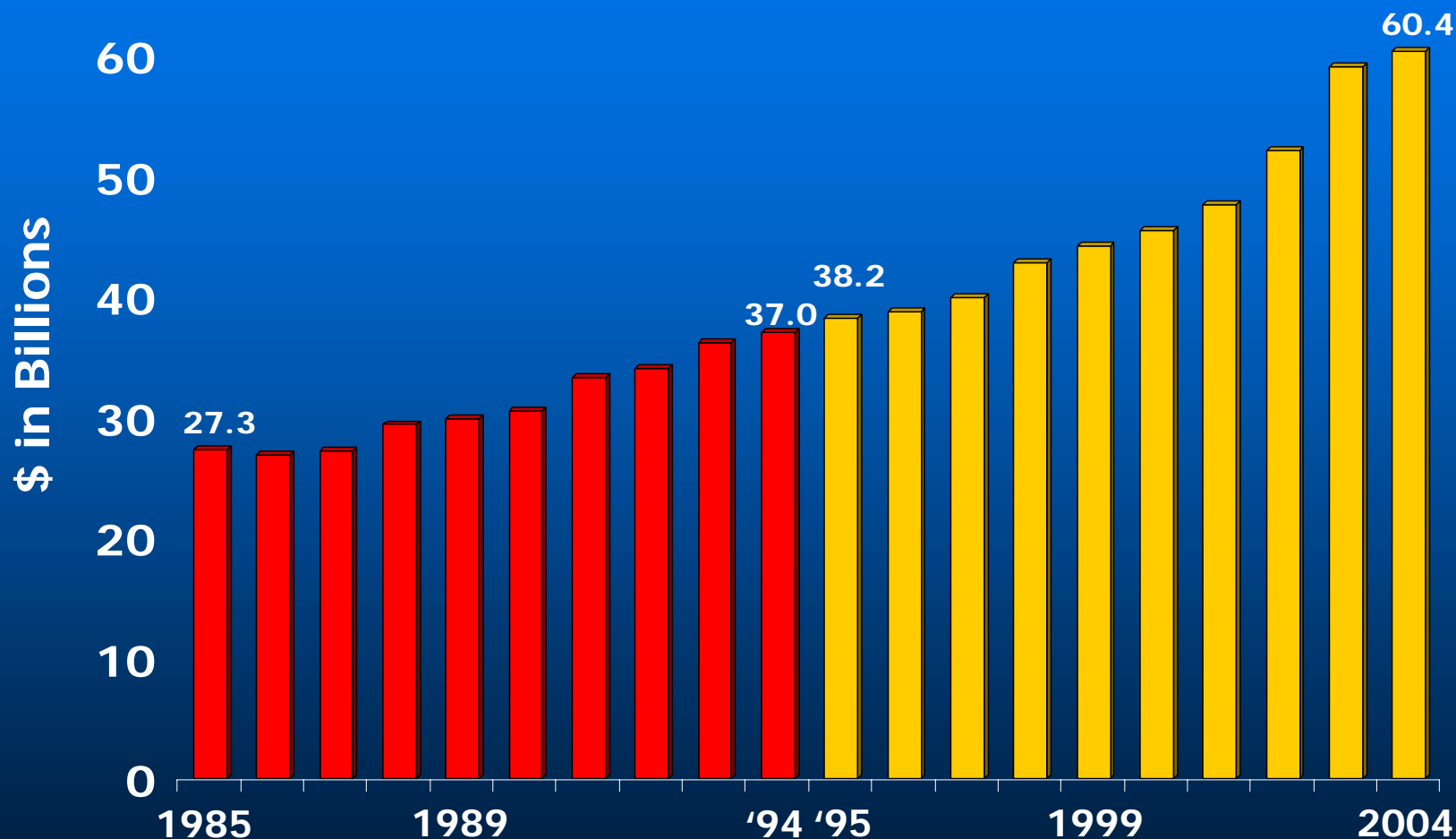
Education Totals

Annual Growth Over Past 5 Years



Budget Authority for Veterans Programs Before and After 1995

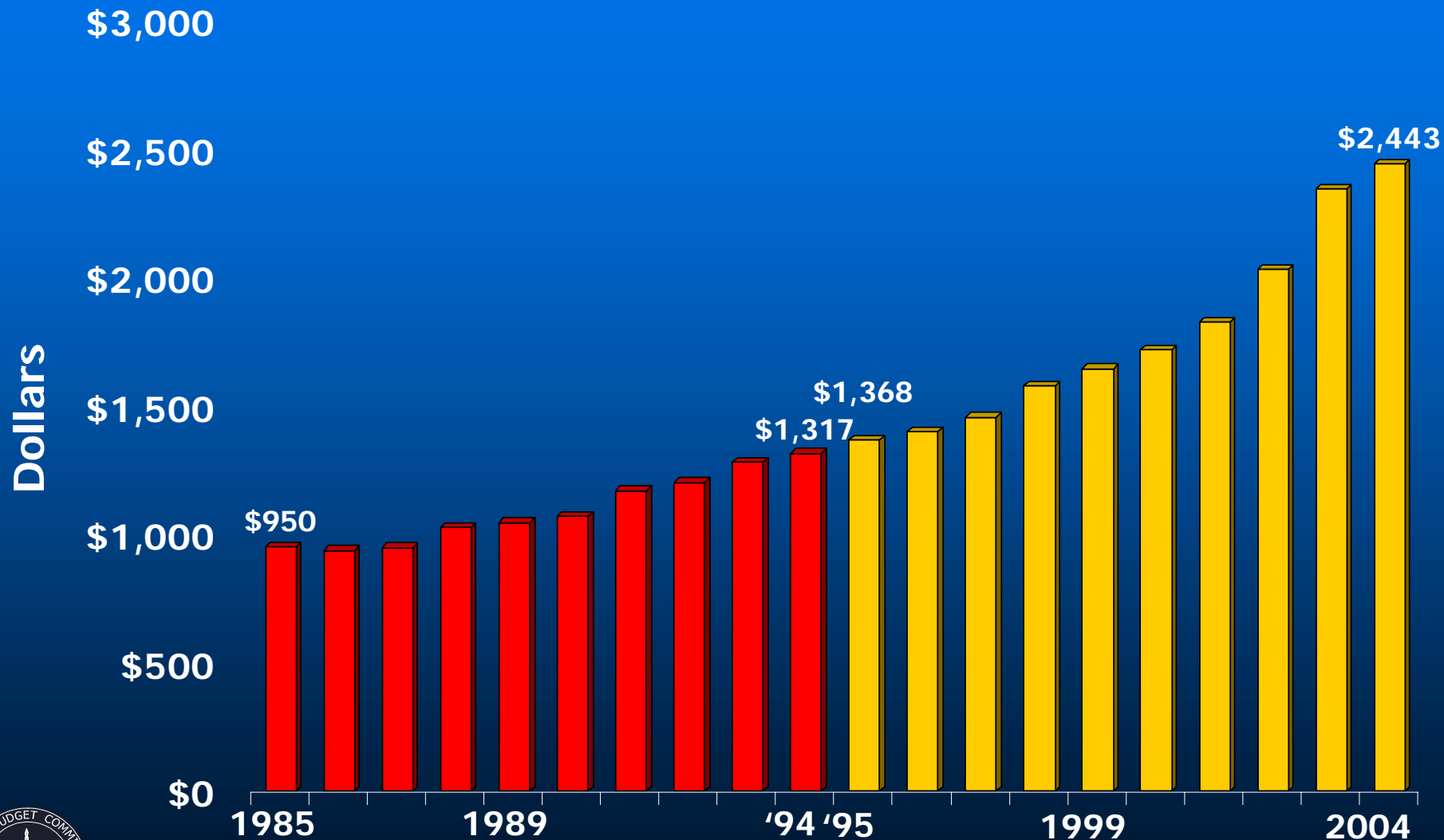
31



Note: 35.8% increase 1985 to 1994; 58.4% increase 1995 to 2004.



Spending Per Veteran, 1985-2004

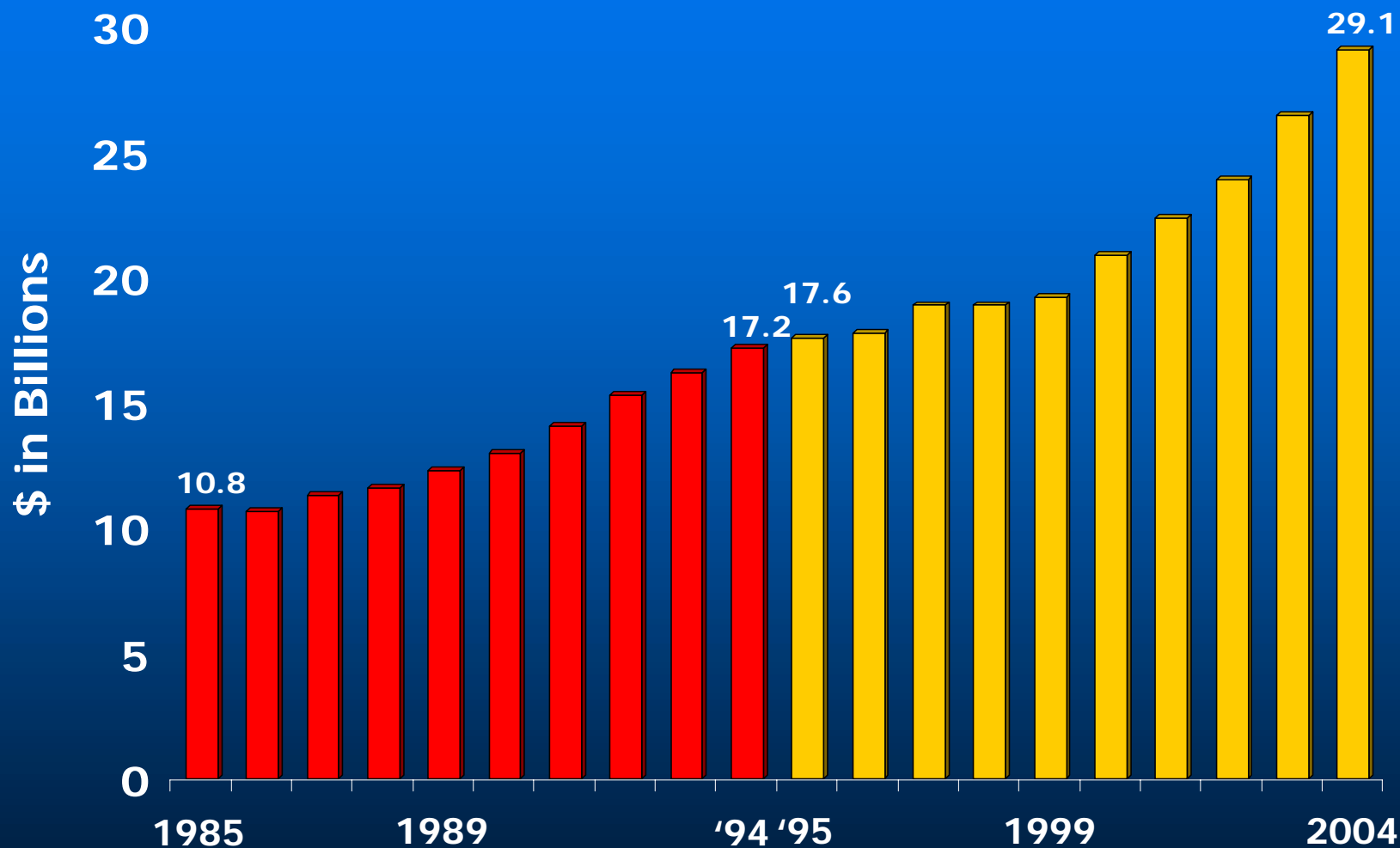


Note: 38.6% increase 1985 to 1994; 78.9 % increase 1995 to 2004.

Source: Department of Veterans Affairs.



Discretionary Spending for Veterans Before and After 1995



Notes:

1. 59.3% increase 1985 to 1994; 65.8 % increase 1995 to 2004.
2. Medical care accounted for 97% of total VA discretionary BA in 2004.



Montgomery GI Bill Education Benefit Before and After 1995

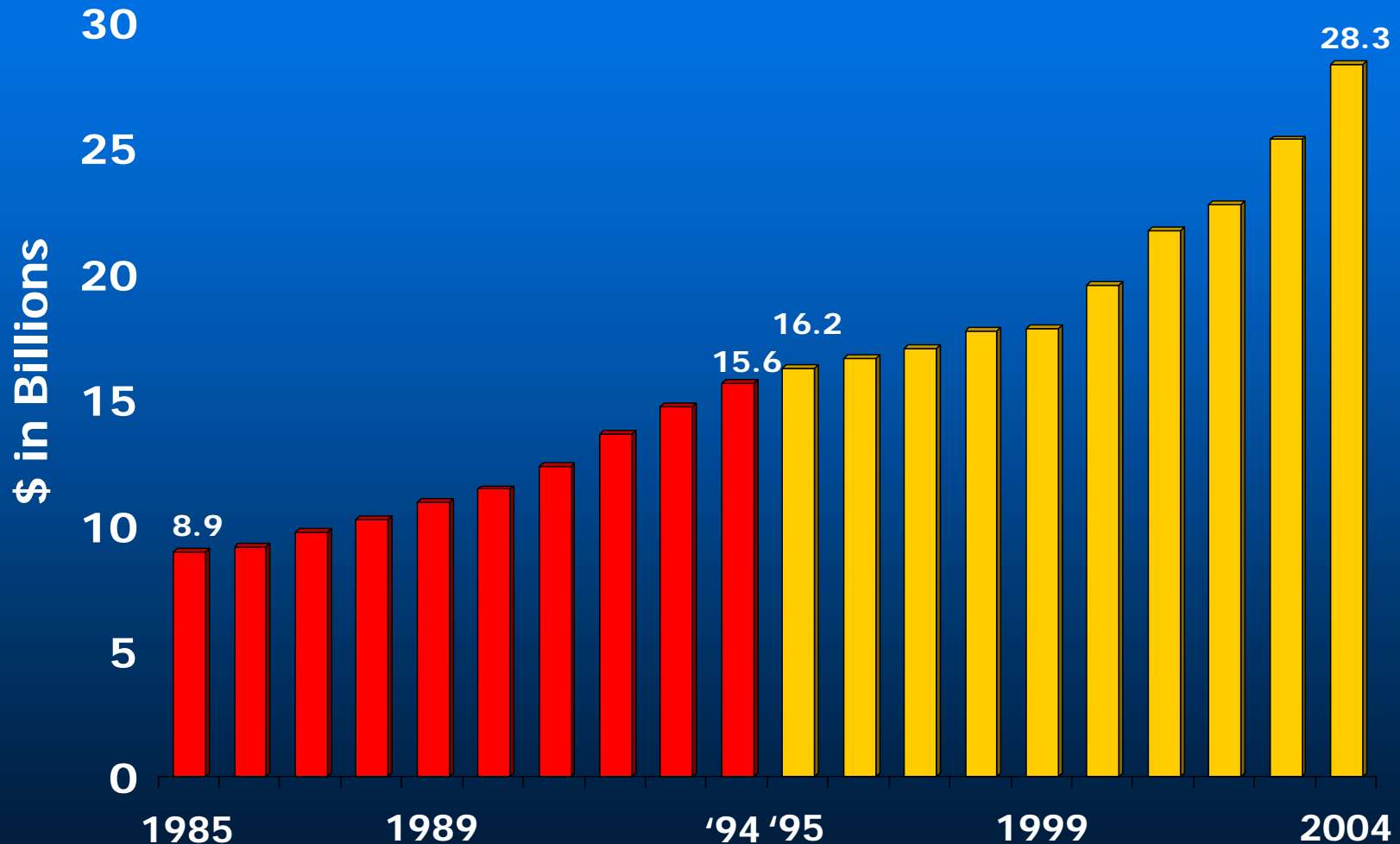


Note: 35% increase 1985 to 1994; 143% increase 1995 to 2004.

Source: Department of Veterans Affairs.



Total Budget Authority for Veterans Medical Care Before and After 1995

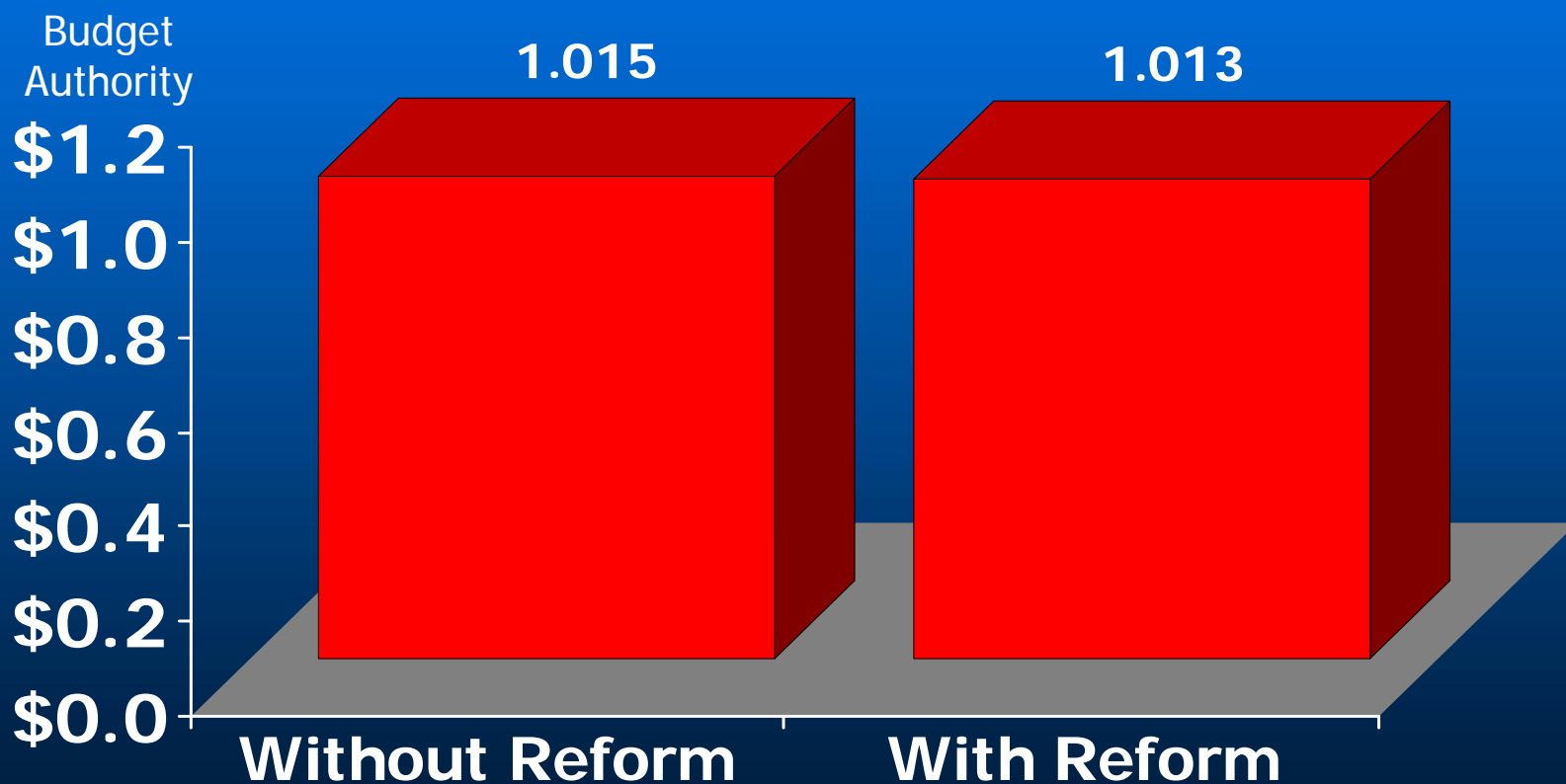


Note: 74.9% increase 1985 to 1994; 75.2% increase 1995 to 2004.



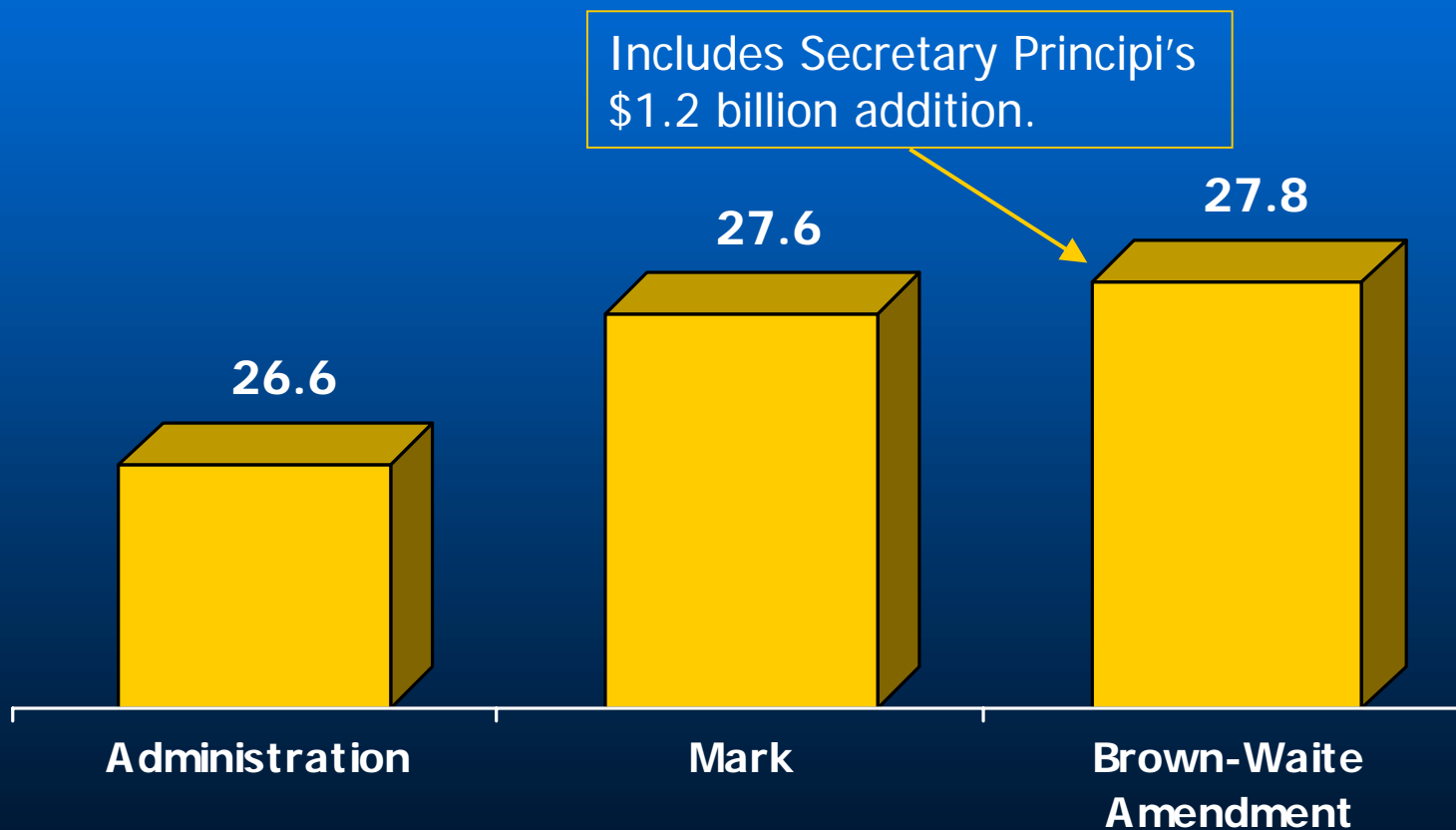
Medicaid Spending With and Without Reform

Fiscal Years 2005-2009; Trillions of Dollars

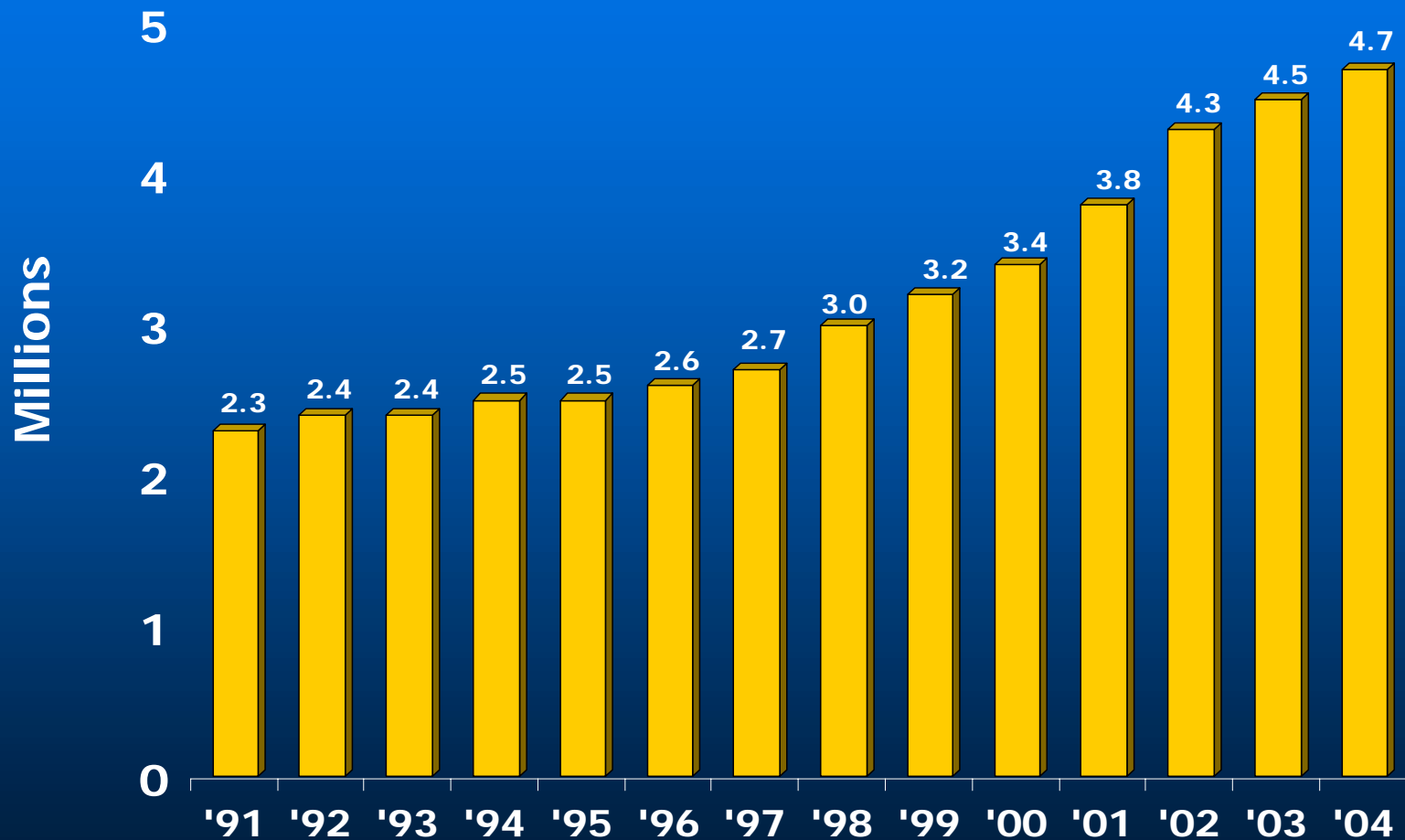


VA Medical Care: Without and With The Brown-Waite Amendment

Billions of Dollars



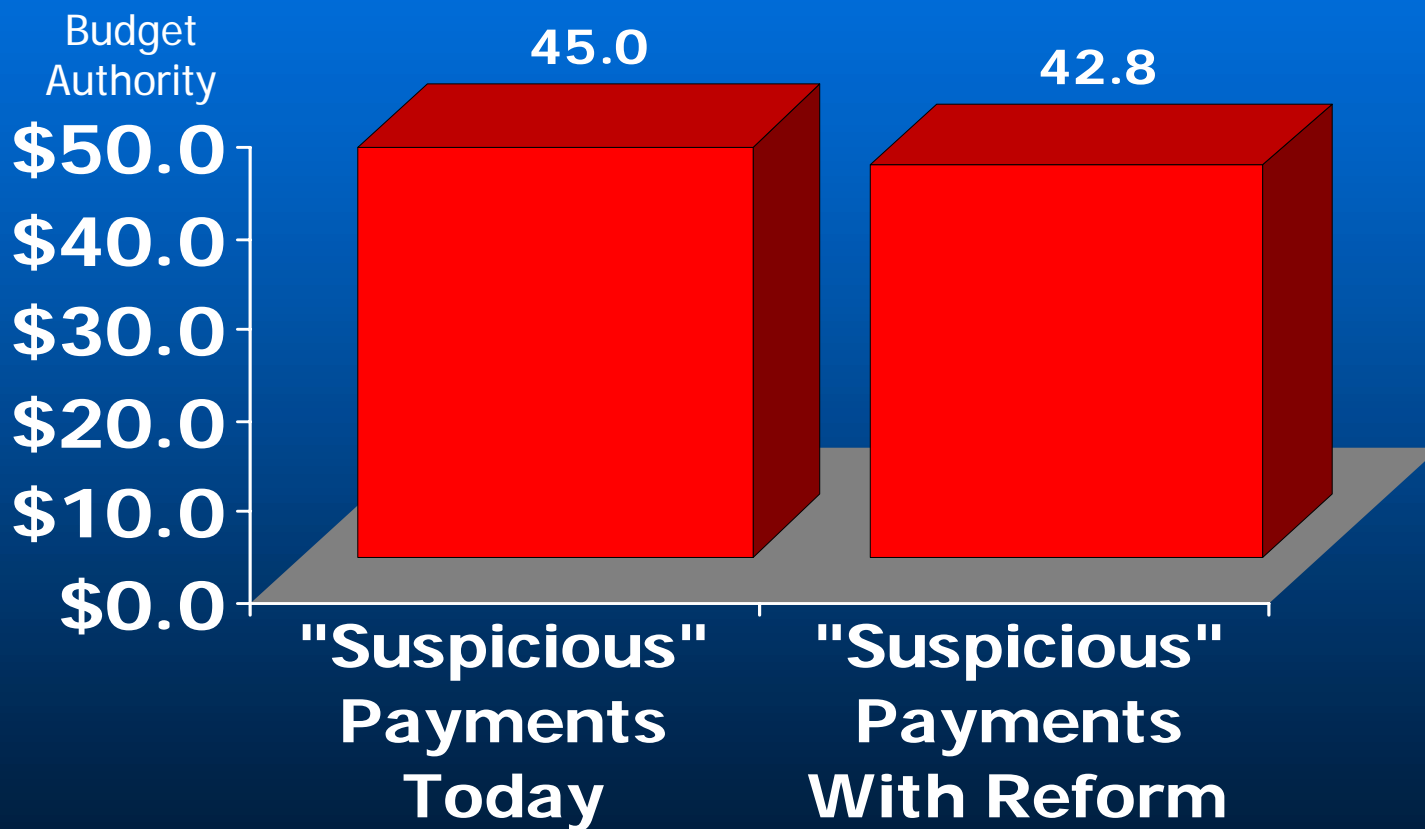
Number Receiving Medical Care, 1991-2004



Source: Department of Veterans Affairs.

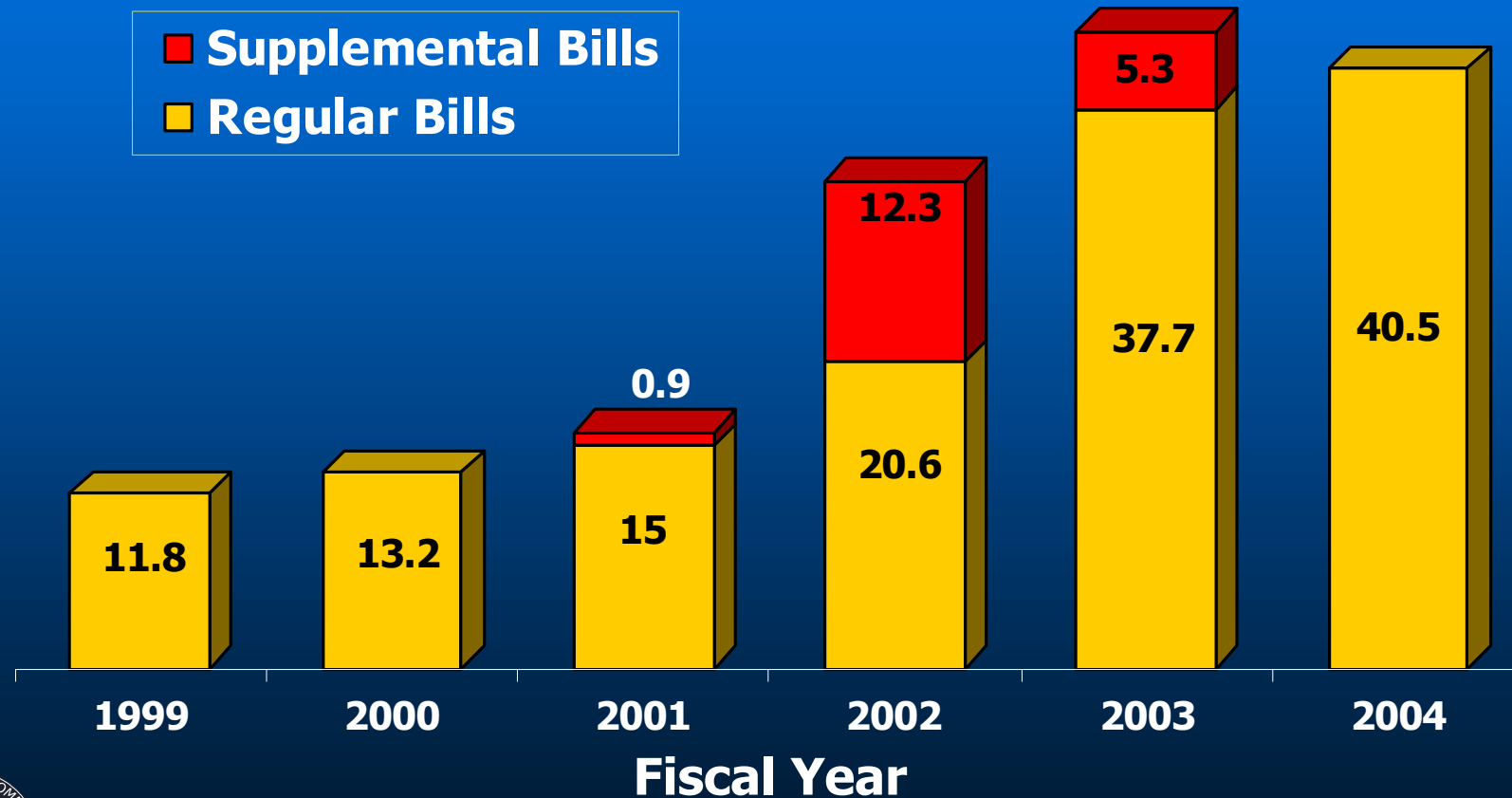
Medicaid Loophole Spending With and Without Reform

Fiscal Years 2005-2009; Billions of Dollars



Homeland Security

*Budget Authority in Billions of Dollars**



* Total budget authority; includes fee-funded, mandatory and discretionary programs for all departments.

Sources: Office of Homeland Security, OMB Midsession Review and CBO.
Prepared by the House Budget Committee